

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pacific Pipe Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pacific Pipe Public Company Limited and its subsidiaries as at 31 March 2016, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 12 May 2016

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		512,398	440,929	341,480	264,893
Trade and other receivables	3	720,721	556,109	652,658	502,083
Inventories	4	890,489	847,111	883,627	836,443
Advance for raw material	5	109,122	53	109,122	53
Other current assets		21,953	17,997	20,323	16,476
Total current assets		<u>2,254,683</u>	<u>1,862,199</u>	<u>2,007,210</u>	<u>1,619,948</u>
Non-current assets					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,409,284	1,423,115	1,358,262	1,380,871
Intangible assets		26,316	27,472	26,278	27,430
Deferred tax assets		4,573	4,544	-	-
Other non-current assets		497	497	372	372
Total non-current assets		<u>1,440,670</u>	<u>1,455,628</u>	<u>1,396,908</u>	<u>1,420,669</u>
Total assets		<u><u>3,695,353</u></u>	<u><u>3,317,827</u></u>	<u><u>3,404,118</u></u>	<u><u>3,040,617</u></u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	7	1,080,464	580,265	1,080,464	580,265
Trade and other payables	8	107,232	151,665	116,027	154,029
Current portion of long-term loan from financial institution	9	67,833	67,833	67,833	67,833
Income tax payable		18,828	6,040	9,337	-
Other current liabilities		26,652	23,368	23,021	20,333
Total current liabilities		1,301,009	829,171	1,296,682	822,460
Non-current liabilities					
Long-term loan from related party	2	100,000	100,000	100,000	100,000
Long-term loan from financial institution, net of current portion	9	2,167	339,167	2,167	339,167
Deferred tax liabilities		14,088	9,199	14,088	9,199
Provision for long-term employee benefits	10	30,425	29,686	24,340	23,743
Total non-current liabilities		146,680	478,052	140,595	472,109
Total liabilities		1,447,689	1,307,223	1,437,277	1,294,569

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March 2016</u>	<u>31 December 2015</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
660,000,000 ordinary shares of Baht 1 each	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Issued and fully paid up				
660,000,000 ordinary shares of Baht 1 each	660,000	660,000	660,000	660,000
Share premium				
Share premium on ordinary shares	514,845	514,845	514,845	514,845
Surplus on treasury shares	1,011	1,011	1,011	1,011
Retained earnings				
Appropriated - statutory reserve	67,000	67,000	67,000	67,000
Unappropriated	<u>1,004,808</u>	<u>767,748</u>	<u>723,985</u>	<u>503,192</u>
Total shareholders' equity	<u>2,247,664</u>	<u>2,010,604</u>	<u>1,966,841</u>	<u>1,746,048</u>
Total liabilities and shareholders' equity	<u>3,695,353</u>	<u>3,317,827</u>	<u>3,404,118</u>	<u>3,040,617</u>
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

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Directors
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(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2016

(Unit: Thousand Baht, except earnings per share expressed in Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss					
Revenues					
Sales and service income	2	1,789,750	1,741,451	1,771,067	1,728,266
Exchange gain		-	5,555	-	5,429
Other income		36,200	33,202	35,982	32,744
Total revenues		<u>1,825,950</u>	<u>1,780,208</u>	<u>1,807,049</u>	<u>1,766,439</u>
Expenses					
Cost of sales and services		1,465,753	1,778,773	1,461,113	1,780,963
Selling expenses		36,251	34,514	48,558	45,801
Administrative expenses		58,151	59,009	52,126	54,046
Exchange loss		60	-	49	-
Total expenses		<u>1,560,215</u>	<u>1,872,296</u>	<u>1,561,846</u>	<u>1,880,810</u>
Profit (loss) before finance cost and income tax expenses		265,735	(92,088)	245,203	(114,371)
Finance cost		(9,550)	(13,864)	(9,401)	(13,686)
Profit (loss) before income tax expenses		256,185	(105,952)	235,802	(128,057)
Tax income (expenses)	11	(19,125)	(248)	(15,009)	4,294
Profit (loss) for the period		<u>237,060</u>	<u>(106,200)</u>	<u>220,793</u>	<u>(123,763)</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>237,060</u>	<u>(106,200)</u>	<u>220,793</u>	<u>(123,763)</u>
Earnings per share					
Basic earnings per share					
Profit for the period	12	<u>0.36</u>	<u>(0.16)</u>	<u>0.33</u>	<u>(0.19)</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Profit (loss) before tax	256,185	(105,952)	235,802	(128,057)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	31,728	26,594	29,478	24,606
Allowance for doubtful accounts	228	1,012	227	894
Reduction of inventory to net realisable value (reversal)	(14,031)	28,101	(14,031)	28,101
Reversal of allowance for impairment of advance for raw material	(3,037)	-	(3,037)	-
Loss (gain) on sales of equipment	(75)	2	(58)	2
Provision for long-term employee benefits	739	754	597	619
Unrealised gain on exchange	-	(684)	-	(684)
Interest income	(4)	(3)	(3)	(2)
Interest expenses	8,924	13,390	8,924	13,367
Profit (loss) from operating activities before changes in operating assets and liabilities	280,657	(36,786)	257,899	(61,154)
Operating assets (increase) decrease				
Trade and other receivables	(164,840)	(68,704)	(150,802)	(75,195)
Inventories	(29,347)	567,129	(33,153)	572,511
Advance for raw material	(106,032)	(12,301)	(106,032)	(12,301)
Other current assets	(3,956)	4,939	(3,847)	5,018
Operating liabilities increase (decrease)				
Trade and other payables	(45,304)	(17,510)	(38,871)	(8,052)
Other current liabilities	3,284	30,146	2,688	30,311
Cash flows from (used in) operating activities	(65,538)	466,913	(72,118)	451,138
Cash paid for interest expenses	(8,054)	(12,124)	(8,054)	(12,101)
Cash paid for corporate income tax	(1,476)	(1,578)	(784)	(885)
Net cash flows from (used in) operating activities	(75,068)	453,211	(80,956)	438,152

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(16,694)	(46,314)	(5,670)	(35,461)
Acquisition of intangible assets	(65)	(155)	(65)	(155)
Interest income	4	3	3	2
Capitalised Interest as assets	-	(1,025)	-	(1,025)
Proceeds from sales of equipment	93	2	76	2
Net cash flows used in investing activities	<u>(16,662)</u>	<u>(47,489)</u>	<u>(5,656)</u>	<u>(36,637)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	500,199	(321,436)	500,199	(321,436)
Repayment of long-term loan from financial institution	(337,000)	-	(337,000)	-
Net cash flows from (used in) financing activities	<u>163,199</u>	<u>(321,436)</u>	<u>163,199</u>	<u>(321,436)</u>
Net increase in cash and cash equivalents	71,469	84,286	76,587	80,079
Cash and cash equivalents at beginning of period	440,929	331,680	264,893	184,441
Cash and cash equivalents at end of period	<u>512,398</u>	<u>415,966</u>	<u>341,480</u>	<u>264,520</u>
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 1 January 2015	660,000	514,845	1,011	67,000	919,606	2,162,462
Total comprehensive income for the period	-	-	-	-	(106,200)	(106,200)
Balance as at 31 March 2015	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>813,406</u>	<u>2,056,262</u>
Balance as at 1 January 2016	660,000	514,845	1,011	67,000	767,748	2,010,604
Total comprehensive income for the period	-	-	-	-	237,060	237,060
Balance as at 31 March 2016	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,004,808</u>	<u>2,247,664</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 1 January 2015	660,000	514,845	1,011	67,000	687,997	1,930,853
Total comprehensive income for the period	-	-	-	-	(123,763)	(123,763)
Balance as at 31 March 2015	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>564,234</u>	<u>1,807,090</u>
Balance as at 1 January 2016	660,000	514,845	1,011	67,000	503,192	1,746,048
Total comprehensive income for the period	-	-	-	-	220,793	220,793
Balance as at 31 March 2016	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>723,985</u>	<u>1,966,841</u>

The accompanying notes are an integral part of the financial statements.

Pacific Pipe Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month period ended 31 March 2016

1. General information

1.1 Corporate information

Pacific Pipe Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Tang Mong Seng Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in manufacturing and distribution of steel pipes for construction work. The registered office of the Company is at 298, 298/2, Soi Klabcharoen, Suksawat Road, Tambon Pakklongbangplakod, Amphur Phrasamutjedi, Samutprakarn.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Basis of consolidation

The consolidated interim financial statements included the financial statements of the Company and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015. There has been no change in the composition of the Group during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	822.8	856.1	Reference to market price
Purchases of goods	-	-	-	13.5	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	18.2	16.6	Contract price
Transportation expenses	-	-	23.9	23.0	Reference to market price
<u>Transactions with related parties</u>					
Interest expenses	1.1	1.3	1.1	1.3	MLR - 2.4 percent per annum
Office rental and service expenses	0.8	0.8	-	-	Contract price
Land rental	1.2	1.2	1.2	1.2	Contract price

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2016 and 31 December 2015 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Audited)		(Audited)
<u>Trade receivable - related party (Note 3)</u>				
Tamose Trading Company Limited	-	-	237,837	165,285
Total trade receivable - related party	-	-	237,837	165,285
<u>Other receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	186	-
Meesup Transport Company Limited	-	-	32	-
Total other receivables - related parties	-	-	218	-
<u>Other payables - related parties (Note 8)</u>				
Tamose Trading Company Limited	-	-	15,619	11,874
Meesup Transport Company Limited	-	-	4,739	3,269
Total other payables - related parties	-	-	20,358	15,143

Loans from related party

The balances of long-term loan from related company as at 31 March 2016 and 31 December 2015 and the movement are as follows:

(Unit: Thousand Baht)

Long-term loan	Related by	Consolidated financial statements / Separate financial statements			
		Balance as at 31 December 2015	Movement during the period		Balance as at 31 March 2016
			Increase	Decrease	
Tang Mong Seng Holding Company Limited	Major shareholder	100,000	-	-	100,000

Long-term loan represents loan that the Company has borrowed from Tang Mong Seng Holding Company Limited, carrying interest at a rate of MLR - 2.4 percent per annum (MLR of a commercial bank). This loan is unsecured and due for repayment in July 2018.

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	7,646	8,795	7,646	7,564
Post-employment benefits	247	610	247	564
Total	<u>7,893</u>	<u>9,405</u>	<u>7,893</u>	<u>8,128</u>

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 13.4 to the financial statements.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Audited)		(Audited)
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	237,837	156,255
Past due				
Up to 3 months	-	-	-	9,030
Total trade receivable - related party (Note 2)	<u>-</u>	<u>-</u>	<u>237,837</u>	<u>165,285</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	592,705	423,096	322,160	241,578
Past due				
Up to 3 months	97,581	103,281	65,843	68,224
3 - 6 months	6,318	7,841	5,211	7,313
6 - 12 months	9,750	21,389	8,227	19,146
Over 12 months	41,841	27,748	23,856	11,004
Total	748,195	583,355	425,297	347,265
Less: Allowance for doubtful debts	(27,474)	(27,246)	(10,694)	(10,467)
Total trade receivables - unrelated parties, net	720,721	556,109	414,603	336,798
Total trade receivables - net	720,721	556,109	652,440	502,083
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	218	-
Total trade and other receivables - net	720,721	556,109	652,658	502,083

4. Inventories

Movements in the reduced cost of inventory to net realisable value account during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate
	financial statements
Balance as at 1 January 2016	26,365
Less: decrease during the period	(14,031)
Balance as at 31 March 2016	12,334

5. Advance for raw material

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	31 March 2016	31 December 2015 (Audited)
Advance for raw material	124,085	18,053
Less: Allowance for impairment	(14,963)	(18,000)
	<u>109,122</u>	<u>53</u>

The advance payment for raw material as at 31 March 2016 included the advance cash payment of Baht 15 million (31 December 2015: Baht 18 million) to purchase raw materials from a supplier during the year 2011. However, the supplier was unable to deliver the raw materials to the Company. However, the supplier entered into an agreement rescheduling payment with the Company, whereby the supplier will pay the outstanding amount monthly, within a period of 33 months (within October 2017), at the rate stipulated in the agreement. As at 31 March 2016, the Company recorded full allowance for impairment for those amount.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	1,423,115	1,380,871
Acquisitions during the period - at cost	16,694	5,670
Write-off during the period - net book value at write-off date	(18)	(18)
Depreciation for the period	<u>(30,507)</u>	<u>(28,261)</u>
Net book value as at 31 March 2016	<u>1,409,284</u>	<u>1,358,262</u>

7. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated / Separate financial statements	
		31 March 2016	31 December 2015 (Audited)
Short-term loans from financial institutions	2.50 - 2.61	1,080,464	575,262
Trust receipt	2.01	-	5,003
		<u>1,080,464</u>	<u>580,265</u>

The credit facilities agreement of the Company contain covenants that, among other things, required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks, the maintenance of certain debt to equity and debt service coverage ratios according to the agreement.

8. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015 (Audited)	31 March 2016	31 December 2015 (Audited)
Trade payables - unrelated parties	44,164	94,244	42,038	89,926
Other payables - related parties (Note 2)	-	-	20,358	15,143
Other payables - unrelated parties	39,881	34,638	37,640	32,985
Accrued expenses	23,187	22,783	15,991	15,975
Total trade and other payables	<u>107,232</u>	<u>151,665</u>	<u>116,027</u>	<u>154,029</u>

9. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2016	407,000
Less: repayment	(337,000)
Balance as at 31 March 2016	70,000
Less: portion due within one year	(67,833)
Long-term loan - net of current portion	<u>2,167</u>

The long-term loan agreement of the Company contains covenants that, among other things, required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks, the maintenance of certain debt to equity and debt service coverage ratios according to the ratios as specified in the agreement.

10. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	29,686	23,743
Add: Recognition during the period	739	597
Balance as at 31 March 2016	<u>30,425</u>	<u>24,340</u>

11. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, after adding back expenses and deducting income which are disallowable for tax computation purpose, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	14,265	4,593	10,120	-
Deferred tax:				
Relating to origination and reversal of temporary differences	4,860	(4,345)	4,889	(4,294)
Income tax expenses (revenues) reported in the statements of comprehensive income	<u>19,125</u>	<u>248</u>	<u>15,009</u>	<u>(4,294)</u>

12. Basic earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 31 March 2016, the Company had capital commitments of approximately Baht 2.5 million, relating to purchases of machinery and computer system development (31 December 2015: Baht 1.8 million).

13.2 Letters of credit

The Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 1.9 million and Euro 0.05 million (31 December 2015: USD 0.08 million and Euro 0.05 million).

13.3 Operating lease commitments

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of land and motor vehicles with related parties and other companies. The terms of the agreements were generally between 1 and 13 years.

The Company and its subsidiaries have future minimum lease payments required under these non-cancellable operating leases contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Related parties		Unrelated parties	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Payable:				
In up to 1 year	5.8	6.6	2.6	1.5
In over 1 and up to 5 years	20.7	20.5	1.8	2.2
In over 5 year	36.2	37.6	-	-

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Payable:				
In up to 1 year	4.8	4.8	2.6	1.5
In over 1 and up to 5 years	20.7	20.5	1.8	2.2
In over 5 year	36.2	37.6	-	-

13.4 Guarantees

- (1) As at 31 March 2016, there were outstanding bank guarantees of approximately Baht 80 million (31 December 2015: Baht 83 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee to guarantee as follows:

	(Unit: Million Baht)	
	31 March 2016	31 December 2015
Guarantee payments due to Customs Department	64	66
Guarantee electricity use	15	15
Guarantee as a Gold Card importer and exporter to the Customs Department	-	1
Guarantee as an AEO authorised importer and/or exporter to the Customs Department	1	1

- (2) The Company guarantees credit card facility of its subsidiary company amounting to Baht 1 million (31 December 2015: Baht 1 million).

14. Segment information

The one main reportable operating segment of the Company and its subsidiaries is the manufacture and distribution of steel pipes for construction work for both domestic and export markets and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the three-month period ended 31 March 2016, export sales of the Company and its subsidiaries represented approximately 0.7 percent (31 March 2015: 2.1 percent) of total sales. The export sales of the Company only for the three-month period then ended represented approximately 0.5 percent (31 March 2015: 1.8 percent) of the Company's sales.

15. Foreign currency risk

As at 31 March 2016 and 31 December 2015, the Company has financial assets and financial liabilities denominated in foreign currency which mature within one year and are unhedged for the foreign currency risk as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	0.03	-	0.2	35.1513	36.0022

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2016.