

Pacific Pipe Public Company Limited and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month periods ended  
30 June 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 30 June 2016, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2016, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month periods 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: 11 August 2016

**Pacific Pipe Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 June 2016**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 June 2016</u> (Unaudited but reviewed)	<u>31 December 2015</u> (Audited)	<u>30 June 2016</u> (Unaudited but reviewed)	<u>31 December 2015</u> (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		421,828	440,929	271,640	264,893
Trade and other receivables	3	635,258	556,109	544,876	502,083
Inventories	4	947,928	847,111	926,422	836,443
Advance for raw material	5	34,699	53	34,699	53
Dividend receivable from subsidiaries	2	-	-	34,084	-
Other current assets		20,955	17,997	18,662	16,476
<b>Total current assets</b>		<u>2,060,668</u>	<u>1,862,199</u>	<u>1,830,383</u>	<u>1,619,948</u>
<b>Non-current assets</b>					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,391,031	1,423,115	1,341,784	1,380,871
Intangible assets		25,134	27,472	25,099	27,430
Deferred tax assets		4,688	4,544	-	-
Other non-current assets		497	497	372	372
<b>Total non-current assets</b>		<u>1,421,350</u>	<u>1,455,628</u>	<u>1,379,251</u>	<u>1,420,669</u>
<b>Total assets</b>		<u><u>3,482,018</u></u>	<u><u>3,317,827</u></u>	<u><u>3,209,634</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 30 June 2016**

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2016</u>	<u>31 December 2015</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	7	773,209	580,265	773,209	580,265
Trade and other payables	8	101,083	151,665	107,195	154,029
Current portion of long-term loan					
from financial institution	9	40,000	67,833	40,000	67,833
Income tax payable		51,936	6,040	45,017	-
Other current liabilities		<u>27,139</u>	<u>23,368</u>	<u>25,076</u>	<u>20,333</u>
<b>Total current liabilities</b>		<u>993,367</u>	<u>829,171</u>	<u>990,497</u>	<u>822,460</u>
<b>Non-current liabilities</b>					
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	-	339,167	-	339,167
Deferred tax liabilities		777	9,199	777	9,199
Provision for long-term employee benefits	10	<u>31,164</u>	<u>29,686</u>	<u>24,938</u>	<u>23,743</u>
<b>Total non-current liabilities</b>		<u>131,941</u>	<u>478,052</u>	<u>125,715</u>	<u>472,109</u>
<b>Total liabilities</b>		<u>1,125,308</u>	<u>1,307,223</u>	<u>1,116,212</u>	<u>1,294,569</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 30 June 2016**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2016</u>	<u>31 December 2015</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
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>1,113,854</u>	<u>767,748</u>	<u>850,566</u>	<u>503,192</u>
<b>Total shareholders' equity</b>	<u>2,356,710</u>	<u>2,010,604</u>	<u>2,093,422</u>	<u>1,746,048</u>
<b>Total liabilities and shareholders' equity</b>	<u>3,482,018</u>	<u>3,317,827</u>	<u>3,209,634</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 30 June 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>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	1,716,850	1,695,851	1,714,755	1,669,253
Exchange gain		210	-	210	-
Dividend income	2	-	-	34,084	30,264
Other income		35,015	39,132	34,381	38,628
<b>Total revenues</b>		<u>1,752,075</u>	<u>1,734,983</u>	<u>1,783,430</u>	<u>1,738,145</u>
<b>Expenses</b>					
Cost of sales and services		1,510,685	1,545,991	1,524,888	1,534,994
Selling expenses		34,816	36,105	45,108	46,835
Administrative expenses		61,307	61,716	54,955	56,074
Exchange loss		-	768	-	769
<b>Total expenses</b>		<u>1,606,808</u>	<u>1,644,580</u>	<u>1,624,951</u>	<u>1,638,672</u>
<b>Profit before finance cost and income tax expenses</b>		145,267	90,403	158,479	99,473
Finance cost		(8,949)	(12,107)	(8,767)	(11,940)
<b>Profit before income tax expenses</b>		136,318	78,296	149,712	87,533
Income tax expenses	11	(27,257)	(20,283)	(23,131)	(15,966)
<b>Profit for the period</b>		<u>109,061</u>	<u>58,013</u>	<u>126,581</u>	<u>71,567</u>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>109,061</u>	<u>58,013</u>	<u>126,581</u>	<u>71,567</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit for the period	12	<u>0.17</u>	<u>0.09</u>	<u>0.19</u>	<u>0.11</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 comprehensive income****For the six-month period ended 30 June 2016**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	3,506,600	3,437,302	3,485,822	3,397,519
Exchange gain		151	4,787	161	4,660
Dividend income	2	-	-	34,084	30,264
Other income		71,215	72,334	70,363	71,372
<b>Total revenues</b>		<u>3,577,966</u>	<u>3,514,423</u>	<u>3,590,430</u>	<u>3,503,815</u>
<b>Expenses</b>					
Cost of sales and services		2,976,439	3,324,764	2,986,001	3,315,957
Selling expenses		71,067	70,619	93,666	92,636
Administrative expenses		119,458	120,725	107,081	110,120
<b>Total expenses</b>		<u>3,166,964</u>	<u>3,516,108</u>	<u>3,186,748</u>	<u>3,518,713</u>
<b>Profit (loss) before finance cost</b>					
<b>and income tax expenses</b>		411,002	(1,685)	403,682	(14,898)
Finance cost		(18,499)	(25,971)	(18,168)	(25,626)
<b>Profit (loss) before income tax expenses</b>		<u>392,503</u>	<u>(27,656)</u>	<u>385,514</u>	<u>(40,524)</u>
Income tax expenses	11	(46,382)	(20,531)	(38,140)	(11,672)
<b>Profit (loss) for the period</b>		<u>346,121</u>	<u>(48,187)</u>	<u>347,374</u>	<u>(52,196)</u>
<b>Other comprehensive income for the period</b>					
		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>346,121</u>	<u>(48,187)</u>	<u>347,374</u>	<u>(52,196)</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit (loss) for the period	12	<u>0.52</u>	<u>(0.07)</u>	<u>0.53</u>	<u>(0.08)</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 six-month period ended 30 June 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>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	392,503	(27,656)	385,514	(40,524)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	63,484	55,584	59,014	51,442
Allowance for doubtful accounts	928	1,133	494	1,002
Reduction of inventory to net realisable value (reversal)	61,928	(43,634)	61,928	(43,634)
Reversal of allowance for impairment of advance for raw material	(5,040)	-	(5,040)	-
Gain on write-off/disposals of equipment	(69)	(504)	(52)	(504)
Provision for long-term employee benefits	1,478	1,508	1,195	1,237
Unrealised (gain) loss on exchange	(249)	279	(249)	279
Dividend income	-	-	(34,084)	(30,264)
Interest income	(962)	(696)	(667)	(468)
Interest expenses	17,201	24,863	17,201	24,840
Profit (loss) from operating activities before changes in operating assets and liabilities	531,202	10,877	485,254	(36,594)
Operating assets (increase) decrease				
Trade and other receivables	(80,082)	(122,317)	(43,293)	(161,915)
Inventories	(162,745)	673,526	(151,906)	669,969
Advance for raw material	(29,606)	(180,562)	(29,606)	(180,562)
Other current assets	(2,957)	(189)	(2,186)	(93)
Operating liabilities increase (decrease)				
Trade and other payables	(49,962)	(9,799)	(46,500)	(14,665)
Other current liabilities	3,145	6,861	4,420	6,186
Cash flows from operating activities	208,995	378,397	216,183	282,326
Cash paid for interest expenses	(17,211)	(24,583)	(17,211)	(24,561)
Cash paid for corporate income tax	(9,052)	(9,653)	(1,545)	(1,443)
<b>Net cash flows from operating activities</b>	<b>182,732</b>	<b>344,161</b>	<b>197,427</b>	<b>256,322</b>

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 six-month period ended 30 June 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>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(29,006)	(58,300)	(17,541)	(48,005)
Acquisition of intangible assets	(80)	(175)	(80)	(175)
Interest income	962	696	667	468
Capitalised interest as cost of assets	-	(1,717)	-	(1,717)
Proceeds from sales of equipment	94	1,202	77	1,202
<b>Net cash flows used in investing activities</b>	<b>(28,030)</b>	<b>(58,294)</b>	<b>(16,877)</b>	<b>(48,227)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans				
from financial institutions	193,197	(204,352)	193,197	(204,352)
Cash receipt from long-term loan from financial institution	-	206,000	-	206,000
Repayment of long-term loan from financial institution	(367,000)	-	(367,000)	-
Dividend paid	-	(105,616)	-	(105,600)
<b>Net cash flows used in financing activities</b>	<b>(173,803)</b>	<b>(103,968)</b>	<b>(173,803)</b>	<b>(103,952)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(19,101)</b>	<b>181,899</b>	<b>6,747</b>	<b>104,143</b>
Cash and cash equivalents at beginning of period	440,929	331,680	264,893	184,441
<b>Cash and cash equivalents at end of period</b>	<b>421,828</b>	<b>513,579</b>	<b>271,640</b>	<b>288,584</b>
	-		-	

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 six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
<b>Balance as at 1 January 2015</b>	660,000	514,845	1,011	67,000	919,606	2,162,462
Dividend paid (Note 13)	-	-	-	-	(105,616)	(105,616)
Total comprehensive income for the period	-	-	-	-	(48,187)	(48,187)
<b>Balance as at 30 June 2015</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>765,803</u>	<u>2,008,659</u>
<b>Balance as at 1 January 2016</b>	660,000	514,845	1,011	67,000	767,748	2,010,604
Dividend paid (Note 13)	-	-	-	-	(15)	(15)
Total comprehensive income for the period	-	-	-	-	346,121	346,121
<b>Balance as at 30 June 2016</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,113,854</u>	<u>2,356,710</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 six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		
				Appropriated	Unappropriated	
<b>Balance as at 1 January 2015</b>	660,000	514,845	1,011	67,000	687,997	1,930,853
Dividend paid (Note 13)	-	-	-	-	(105,600)	(105,600)
Total comprehensive income for the period	-	-	-	-	(52,196)	(52,196)
<b>Balance as at 30 June 2015</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>530,201</u>	<u>1,773,057</u>
<b>Balance as at 1 January 2016</b>	660,000	514,845	1,011	67,000	503,192	1,746,048
Total comprehensive income for the period	-	-	-	-	347,374	347,374
<b>Balance as at 30 June 2016</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>850,566</u>	<u>2,093,422</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 and six-month periods ended 30 June 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 30 June				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	-	-	814.4	781.8	Reference to market price
Purchases of goods	-	-	-	0.1	Reference to market price
Rental income	-	-	0.1	0.1	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	17.4	16.8	Contract price
Transportation expenses	-	-	22.2	22.8	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	1.1	1.3	1.1	1.3	MLR - 2.4 per annum
Office rental and service expenses	0.8	0.8	-	-	Contract price
Land rental	1.2	1.1	1.2	1.1	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	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	-	-	1,637.3	1,637.9	Reference to market price
Purchases of goods	-	-	-	13.6	Reference to market price
Rental income	-	-	0.3	0.3	Contract price
Service income	-	-	0.4	0.4	Contract price
Commission paid	-	-	35.6	33.4	Contract price
Transportation expenses	-	-	46.1	45.8	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	2.2	2.6	2.2	2.6	MLR - 2.4 per annum
Office rental and service expenses	1.6	1.6	-	-	Contract price
Land rental	2.4	2.3	2.4	2.3	Contract price

The balances of the accounts as at 30 June 2016 and 31 December 2015 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Audited)		(Audited)
<b><u>Trade receivable - related party (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	167,968	165,285
<b>Total trade receivable - related party</b>	<b>-</b>	<b>-</b>	<b>167,968</b>	<b>165,285</b>
<b><u>Other receivables - related parties (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	372	-
Meesup Transport Company Limited	-	-	63	-
<b>Total other receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>435</b>	<b>-</b>
<b><u>Other payables - related parties (Note 8)</u></b>				
Tamose Trading Company Limited	-	-	14,207	11,874
Meesup Transport Company Limited	-	-	3,926	3,269
<b>Total other payables - related parties</b>	<b>-</b>	<b>-</b>	<b>18,133</b>	<b>15,143</b>

Loans from related party

The balances of long-term loan from related company as at 30 June 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	Movement during the period		Balance as at
		31 December 2015	Increase	Decrease	30 June 2016
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.

Dividend income

During the current quarter, the Company recognised dividend income from Tamose Trading Company Limited and Meesup Transport Company Limited of Baht 18.0 million and Baht 16.1 million, respectively, in the separate financial statements.

Directors and management's benefits

During the six-month periods ended 30 June 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	15,011	18,184	15,011	15,721
Post-employment benefits	494	1,220	494	1,128
Total	<u>15,505</u>	<u>19,404</u>	<u>15,505</u>	<u>16,849</u>

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 14.4 to the financial statements.

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	167,968	156,255
Past due				
Up to 3 months	-	-	-	9,030
Total trade receivable - related party (Note 2)	-	-	167,968	165,285
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	509,220	423,096	290,191	241,578
Past due				
Up to 3 months	90,640	103,281	54,076	68,224
3 - 6 months	1,921	7,841	1,620	7,313
6 - 12 months	9,084	21,389	7,593	19,146
Over 12 months	45,885	27,748	27,272	11,004
Total	656,750	583,355	380,752	347,265
Less: Allowance for doubtful debts	(28,174)	(27,246)	(10,961)	(10,467)
Total trade receivables - unrelated parties, net	628,576	556,109	369,791	336,798
Total trade receivables - net	628,576	556,109	537,759	502,083
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	435	-
Other receivables - unrelated parties	6,682	-	6,682	-
Total other receivables	6,682	-	7,117	-
Total trade and other receivables - net	635,258	556,109	544,876	502,083

**4. Inventories**

Movements in the reduced cost of inventory to net realisable value account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht) Consolidated / Separate financial statements
<b>Balance as at 1 January 2016</b>	26,365
Add: Recognition during the period	61,928
<b>Balance as at 30 June 2016</b>	<b>88,293</b>

**5. Advance for raw material**

	(Unit: Thousand Baht) Consolidated / Separate financial statements	
	30 June 2016	31 December 2015
		(Audited)
Advance for raw material	47,659	18,053
Less: Allowance for impairment	(12,960)	(18,000)
	<b>34,699</b>	<b>53</b>

The advance payment for raw material as at 30 June 2016 included the advance cash payment of Baht 13 million (31 December 2015: Baht 18 million) to purchase raw materials from a supplier during the year 2011 but 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 30 June 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 six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>Net book value as at 1 January 2016</b>	1,423,115	1,380,871
Acquisitions during the period - at cost	29,006	17,541
Write-off during the period - net book value at write-off date	(25)	(25)
Depreciation for the period	(61,065)	(56,603)
<b>Net book value as at 30 June 2016</b>	<u>1,391,031</u>	<u>1,341,784</u>

**7. Short-term loans from financial institutions**

		(Unit: Thousand Baht)	
	Interest rate	<u>Consolidated / Separate financial statements</u>	
	(Percent per annum)	<u>30 June 2016</u>	<u>31 December 2015</u>
			(Audited)
Short-term loans from financial institutions	2.40 - 2.50	723,074	575,262
Trust receipt	2.01 - 2.03	50,135	5,003
		<u>773,209</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.

(Unaudited but reviewed)

## 8. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Trade payables - unrelated parties	31,425	94,244	29,444	89,926
Other payables - related parties (Note 2)	-	-	18,133	15,143
Other payables - unrelated parties	39,754	34,638	38,089	32,985
Accrued expenses	29,904	22,783	21,529	15,975
<b>Total trade and other payables</b>	<b>101,083</b>	<b>151,665</b>	<b>107,195</b>	<b>154,029</b>

## 9. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated / Separate
	financial statements
Balance as at 1 January 2016	407,000
Less: repayment	(367,000)
Balance as at 30 June 2016	40,000
Less: portion due within one year	(40,000)
Long-term loan - net of current portion	-

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	Separate
	financial statements	financial statements
<b>Balance as at 1 January 2016</b>	29,686	23,743
Add: Recognition during the period	1,478	1,195
<b>Balance as at 30 June 2016</b>	<b>31,164</b>	<b>24,938</b>

**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 and six-month periods ended 30 June 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	40,683	4,352	36,442	5
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(13,426)</u>	<u>15,931</u>	<u>(13,311)</u>	<u>15,961</u>
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u><u>27,257</u></u>	<u><u>20,283</u></u>	<u><u>23,131</u></u>	<u><u>15,966</u></u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	54,948	8,945	46,562	5
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(8,566)</u>	<u>11,586</u>	<u>(8,422)</u>	<u>11,667</u>
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u><u>46,382</u></u>	<u><u>20,531</u></u>	<u><u>38,140</u></u>	<u><u>11,672</u></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. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	105.6	0.16
Total for 2015		105.6	0.16

**14. Commitments and contingent liabilities****14.1 Capital commitments**

As at 30 June 2016, the Company had capital commitments of approximately Baht 19 million, relating to purchases of machinery and computer system development (31 December 2015: Baht 1.8 million).

**14.2 Letters of credit**

The Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 3.8 million (31 December 2015: USD 0.08 million and Euro 0.05 million).

**14.3 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	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(Audited)		(Audited)
Payable:				
In up to 1 year	5.0	6.6	2.2	1.5
In over 1 and up to 5 years	20.8	20.5	1.5	2.2
In over 5 year	34.8	37.6	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
			(Audited)	(Audited)
Payable:				
In up to 1 year	4.8	4.8	2.2	1.5
In over 1 and up to 5 years	20.8	20.5	1.5	2.2
In over 5 year	34.8	37.6	-	-

#### 13.4 Guarantees

- (1) As at 30 June 2016, there were outstanding bank guarantees of approximately Baht 84 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)	
	30 June 2016	31 December 2015
Guarantee payments due to Customs Department	68	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.

(Unaudited but reviewed)

For the three-month and six-month periods ended 30 June 2016, export sales of the Company and its subsidiaries represented approximately 1.6 and 1.1 percent, respectively (30 June 2015: 2.5 and 2.2 percent) of total sales. The export sales of the Company only for the three-month and six-month periods then ended represented approximately 0.8 and 0.7 percent, respectively (30 June 2015: 2.2 and 2.0 percent) of the Company's sales.

## 16. Foreign currency risk

As at 30 June 2016 and 31 December 2015, the Company has financial assets and financial liabilities denominated in foreign currency which mature within one year as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June 2016 (Million)	31 December 2015 (Million)	30 June 2016 (Million)	31 December 2015 (Million)	30 June 2016 (Baht per 1 foreign currency unit)	31 December 2015 (Baht per 1 foreign currency unit)
US dollar	0.3	0.03	1.4	0.2	35.0945	36.0022

Foreign exchange contracts outstanding as at 30 June 2016 were summarised below.

As at 30 June 2016			
Foreign currency	Bought amount (Million)	Contractual exchange rate bought (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	2.9	35.44 and 35.41	14 December 2016 and 27 December 2016

## 17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2016.