

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

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

**Statement of financial position**

**As at 30 September 2016**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2016</u>	<u>31 December 2015</u>	<u>30 September 2016</u>	<u>31 December 2015</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		478,107	440,929	324,031	264,893
Trade and other receivables	3	671,802	556,109	587,636	502,083
Inventories	4	1,197,733	847,111	1,184,729	836,443
Advance for raw material	5	454	53	454	53
Other current assets		31,189	17,997	29,962	16,476
<b>Total current assets</b>		<u>2,379,285</u>	<u>1,862,199</u>	<u>2,126,812</u>	<u>1,619,948</u>
<b>Non-current assets</b>					
Investments in subsidiaries		-	-	11,996	11,996
Property, plant and equipment	6	1,395,776	1,423,115	1,344,218	1,380,871
Intangible assets		26,044	27,472	26,011	27,430
Deferred tax assets		2,680	4,544	-	-
Other non-current assets		494	497	370	372
<b>Total non-current assets</b>		<u>1,424,994</u>	<u>1,455,628</u>	<u>1,382,595</u>	<u>1,420,669</u>
<b>Total assets</b>		<u><u>3,804,279</u></u>	<u><u>3,317,827</u></u>	<u><u>3,509,407</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 September 2016**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(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	1,013,270	580,265	1,013,270	580,265
Trade and other payables	8	137,485	151,665	136,232	154,029
Current portion of long-term loan					
from financial institution	9	10,000	67,833	10,000	67,833
Income tax payable		9,232	6,040	5,241	-
Other current liabilities		20,047	23,368	15,776	20,333
<b>Total current liabilities</b>		<b>1,190,034</b>	<b>829,171</b>	<b>1,180,519</b>	<b>822,460</b>
<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		17,861	9,199	17,861	9,199
Provision for long-term employee benefits	10	31,903	29,686	25,536	23,743
<b>Total non-current liabilities</b>		<b>149,764</b>	<b>478,052</b>	<b>143,397</b>	<b>472,109</b>
<b>Total liabilities</b>		<b>1,339,798</b>	<b>1,307,223</b>	<b>1,323,916</b>	<b>1,294,569</b>

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 September 2016**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	(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>1,221,625</u>	<u>767,748</u>	<u>942,635</u>	<u>503,192</u>
<b>Total shareholders' equity</b>	<u>2,464,481</u>	<u>2,010,604</u>	<u>2,185,491</u>	<u>1,746,048</u>
<b>Total liabilities and shareholders' equity</b>	<u>3,804,279</u>	<u>3,317,827</u>	<u>3,509,407</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 September 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	1,795,442	1,612,814	1,766,079	1,594,782
Exchange gain		900	1,028	902	1,029
Other income		37,904	33,718	37,491	33,255
<b>Total revenues</b>		<u>1,834,246</u>	<u>1,647,560</u>	<u>1,804,472</u>	<u>1,629,066</u>
<b>Expenses</b>					
Cost of sales and services		1,569,420	1,568,593	1,560,112	1,563,168
Selling expenses		39,193	34,119	48,484	46,073
Administrative expenses		80,679	62,485	73,416	57,186
<b>Total expenses</b>		<u>1,689,292</u>	<u>1,665,197</u>	<u>1,682,012</u>	<u>1,666,427</u>
<b>Profit (loss) before finance cost and income tax expenses</b>					
		144,954	(17,637)	122,460	(37,361)
Finance cost		(7,399)	(13,423)	(7,208)	(13,271)
<b>Profit (loss) before income tax expenses</b>		<u>137,555</u>	<u>(31,060)</u>	<u>115,252</u>	<u>(50,632)</u>
Tax income (expenses)	11	(29,784)	6,340	(23,183)	10,231
<b>Profit (loss) for the period</b>		<u>107,771</u>	<u>(24,720)</u>	<u>92,069</u>	<u>(40,401)</u>
<b>Other comprehensive income for the period</b>					
		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>107,771</u>	<u>(24,720)</u>	<u>92,069</u>	<u>(40,401)</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit (loss) for the period	12	<u>0.16</u>	<u>(0.04)</u>	<u>0.14</u>	<u>(0.06)</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 nine-month period ended 30 September 2016**

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<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	5,302,042	5,050,116	5,251,901	4,992,301
Exchange gain		1,051	5,815	1,063	5,689
Dividend income	2	-	-	34,084	30,264
Other income		109,119	106,052	107,854	104,627
<b>Total revenues</b>		<u>5,412,212</u>	<u>5,161,983</u>	<u>5,394,902</u>	<u>5,132,881</u>
<b>Expenses</b>					
Cost of sales and services		4,545,859	4,893,357	4,546,113	4,879,125
Selling expenses		110,260	104,738	142,150	138,709
Administrative expenses		200,137	183,210	180,497	167,306
<b>Total expenses</b>		<u>4,856,256</u>	<u>5,181,305</u>	<u>4,868,760</u>	<u>5,185,140</u>
<b>Profit (loss) before finance cost and income tax expenses</b>					
Finance cost		(25,898)	(39,394)	(25,376)	(38,897)
<b>Profit (loss) before income tax expenses</b>		<u>530,058</u>	<u>(58,716)</u>	<u>500,766</u>	<u>(91,156)</u>
Income tax expenses	11	(76,166)	(14,191)	(61,323)	(1,441)
<b>Profit (loss) for the period</b>		<u>453,892</u>	<u>(72,907)</u>	<u>439,443</u>	<u>(92,597)</u>
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>453,892</u>	<u>(72,907)</u>	<u>439,443</u>	<u>(92,597)</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit (loss) for the period	12	<u>0.69</u>	<u>(0.11)</u>	<u>0.67</u>	<u>(0.14)</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 nine-month period ended 30 September 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>					<b>Total shareholders' equity</b>
	<b>Issued and fully paid-up share capital</b>	<b>Share premium</b>	<b>Surplus on treasury shares</b>	<b>Retained earnings</b>		
				<b>Appropriated</b>	<b>Unappropriated</b>	
<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	-	-	-	-	(72,907)	(72,907)
<b>Balance as at 30 September 2015</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>741,083</u>	<u>1,983,939</u>
<b>Balance as at 1 January 2016</b>	660,000	514,845	1,011	67,000	767,748	2,010,604
Dividend paid	-	-	-	-	(15)	(15)
Total comprehensive income for the period	-	-	-	-	453,892	453,892
<b>Balance as at 30 September 2016</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,221,625</u>	<u>2,464,481</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 nine-month period ended 30 September 2016**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>					<b>Total shareholders' equity</b>
	<b>Issued and fully paid-up share capital</b>	<b>Share premium</b>	<b>Surplus on treasury shares</b>	<b>Retained earnings</b>		
				<b>Appropriated</b>	<b>Unappropriated</b>	
<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	-	-	-	-	(92,597)	(92,597)
<b>Balance as at 30 September 2015</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>489,800</u>	<u>1,732,656</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	-	-	-	-	439,443	439,443
<b>Balance as at 30 September 2016</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>942,635</u>	<u>2,185,491</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 nine-month period ended 30 September 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	530,058	(58,716)	500,766	(91,156)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	95,674	86,931	89,037	80,657
Bad debts	11,832	-	1,383	-
Allowance for doubtful accounts (reversal)	(10,074)	2,351	(326)	2,033
Decrease of inventory to net realisable value (reversal)	(17,012)	11,235	(17,012)	11,235
Reversal of allowance for impairment of advance for raw material	(7,056)	-	(7,056)	-
Gain on write-off/disposals of equipment	(60)	(88)	(43)	(88)
Loss on write-off of intangible asset	546	-	546	-
Provision for long-term employee benefits	2,217	2,263	1,793	1,856
Unrealised loss (gain) on exchange	(1,065)	340	(1,065)	340
Dividend income	-	-	(34,084)	(30,264)
Interest income	(970)	(701)	(672)	(472)
Interest expenses	<u>23,916</u>	<u>37,722</u>	<u>23,916</u>	<u>37,699</u>
Profit from operating activities before changes in operating assets and liabilities	628,006	81,337	557,183	11,840
Operating assets (increase) decrease				
Trade and other receivables	(117,453)	(39,304)	(86,613)	(3,414)
Inventories	(333,609)	663,391	(331,273)	658,162
Advance for raw material	6,654	(3,043)	6,654	(3,043)
Other current assets	(13,189)	645	(13,485)	979
Operating liabilities increase (decrease)				
Trade and other payables	(13,925)	(4,655)	(17,845)	(14,240)
Other current liabilities	<u>(3,947)</u>	<u>17,295</u>	<u>(4,879)</u>	<u>16,243</u>
Cash flows from operating activities	152,537	715,666	109,742	666,527
Cash paid for interest expenses	(23,545)	(36,856)	(23,545)	(36,833)
Cash paid for corporate income tax	<u>(62,447)</u>	<u>(18,609)</u>	<u>(47,420)</u>	<u>(2,189)</u>
<b>Net cash flows from operating activities</b>	<u>66,545</u>	<u>660,201</u>	<u>38,777</u>	<u>627,505</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 (continued)**

**For the nine-month period ended 30 September 2016**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(67,392)	(67,541)	(51,448)	(57,190)
Acquisition of intangible assets	(95)	(175)	(95)	(175)
Dividend income	-	-	34,084	30,264
Interest income	970	701	672	473
Capitalised interest as cost of assets	-	(1,717)	-	(1,717)
Proceeds from sales of equipment	93	1,202	76	1,202
<b>Net cash flows used in investing activities</b>	<u>(66,424)</u>	<u>(67,530)</u>	<u>(16,711)</u>	<u>(27,143)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	434,072	(600,035)	434,072	(600,035)
Cash receipt from long-term loan from financial institution	-	206,000	-	206,000
Repayment of long-term loan from financial institution	(397,000)	-	(397,000)	-
Dividend paid	(15)	(105,616)	-	(105,600)
<b>Net cash flows from (used in) financing activities</b>	<u>37,057</u>	<u>(499,651)</u>	<u>37,072</u>	<u>(499,635)</u>
<b>Net increase in cash and cash equivalents</b>	37,178	93,020	59,138	100,727
Cash and cash equivalents at beginning of period	<u>440,929</u>	<u>331,680</u>	<u>264,893</u>	<u>184,441</u>
<b>Cash and cash equivalents at end of period</b>	<u>478,107</u>	<u>424,700</u>	<u>324,031</u>	<u>285,168</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 nine-month periods ended 30 September 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 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	832.7	694.5	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	16.2	17.3	Contract price
Transportation expenses	-	-	26.0	23.3	Reference to market price
<u>Transactions with related parties</u>					
Interest expenses	1.1	1.2	1.1	1.2	MLR-2.4 per annum
Office rental and service expenses	1.0	0.8	-	-	Contract price
Land rental	1.2	1.2	1.2	1.2	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				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	-	-	2,470.0	2,332.4	Reference to market price
Purchases of goods	-	-	-	13.6	Reference to market price
Rental income	-	-	0.5	0.5	Contract price
Service income	-	-	0.6	0.6	Contract price
Commission paid	-	-	51.8	50.7	Contract price
Transportation expenses	-	-	72.1	69.1	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	3.3	3.8	3.3	3.8	MLR-2.4 per annum
Office rental and service expenses	2.6	2.4	-	-	Contract price
Land rental	3.6	3.5	3.6	3.5	Contract price

The balances of the accounts as at 30 September 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 September	31 December	30 September	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	-	-	201,090	165,285
<b>Total trade receivable - related party</b>	<b>-</b>	<b>-</b>	<b>201,090</b>	<b>165,285</b>
<b><u>Other receivables - related parties (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	558	-
Meesup Transport Company Limited	-	-	95	-
<b>Total other receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>653</b>	<b>-</b>
<b><u>Other payables - related parties (Note 8)</u></b>				
Tamose Trading Company Limited	-	-	11,953	11,874
Meesup Transport Company Limited	-	-	4,226	3,269
<b>Total other payables - related parties</b>	<b>-</b>	<b>-</b>	<b>16,179</b>	<b>15,143</b>

Loans from related party

The balances of long-term loan from related company as at 30 September 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 September 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 second quarter of the current year, 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 nine-month periods ended 30 September 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	
	2016	2015	2016	2015
Short-term employee benefits	22,564	27,060	22,564	23,366
Post-employment benefits	741	1,121	741	988
Total	23,305	28,181	23,305	24,354

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 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	201,090	156,255
Past due				
Up to 3 months	-	-	-	9,030
Total trade receivable - related party (Note 2)	-	-	201,090	165,285
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	543,853	423,096	303,312	241,578
Past due				
Up to 3 months	110,669	103,281	69,966	68,224
3 - 6 months	4,112	7,841	610	7,313
6 - 12 months	3,981	21,389	2,961	19,146
Over 12 months	26,359	27,748	19,185	11,004
Total	688,974	583,355	396,034	347,265
Less: Allowance for doubtful debts	(17,172)	(27,246)	(10,141)	(10,467)
Total trade receivables - unrelated parties, net	671,802	556,109	385,893	336,798
Total trade receivables - net	671,802	556,109	586,983	502,083
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	653	-
Total other receivables	-	-	653	-
Total trade and other receivables - net	671,802	556,109	587,636	502,083

**4. Inventories**

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

	(Unit: Thousand Baht)
	Consolidated / Separate
	financial statements
	<hr/>
<b>Balance as at 1 January 2016</b>	26,365
Less: Reversal during the period	(17,012)
	<hr/>
<b>Balance as at 30 September 2016</b>	<u>9,353</u>

**5. Advance for raw material**

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<hr/>	
	30 September 2016	31 December 2015
		(Audited)
Advance for raw material	11,398	18,053
Less: Allowance for impairment	(10,944)	(18,000)
	<hr/>	<hr/>
	<u>454</u>	<u>53</u>

The advance payment for raw material as at 30 September 2016 included the advance cash payment of Baht 11 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 September 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 nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2016</b>	1,423,115	1,380,871
Acquisitions during the period - at cost	67,392	51,448
Write-off during the period - net book value at write-off date	(33)	(33)
Transfer out during the period	(2,651)	(2,651)
Depreciation for the period	(92,047)	(85,417)
<b>Net book value as at 30 September 2016</b>	<u>1,395,776</u>	<u>1,344,218</u>

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

	Interest rate (Percent per annum)	(Unit: Thousand Baht)	
		Consolidated / Separate financial statements 30 September 2016	31 December 2015 (Audited)
Short-term loans from financial institutions	2.40 - 2.51	849,037	575,262
Trust receipt	2.02 - 2.07	164,233	5,003
		<u>1,013,270</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 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Trade payables - unrelated parties	23,213	94,244	20,946	89,926
Other payables - related parties (Note 2)	-	-	16,179	15,143
Other payables - unrelated parties	50,752	34,638	47,873	32,985
Accrued expenses	63,520	22,783	51,234	15,975
Total trade and other payables	<u>137,485</u>	<u>151,665</u>	<u>136,232</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	(397,000)
Balance as at 30 September 2016	10,000
Less: portion due within one year	(10,000)
Long-term loan - net of current portion	<u>-</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	Separate
	financial statements	financial statements
<b>Balance as at 1 January 2016</b>	29,686	23,743
Add: Recognition during the period	2,217	1,793
<b>Balance as at 30 September 2016</b>	<u>31,903</u>	<u>25,536</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 and nine-month periods ended 30 September 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	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	10,692	3,956	6,100	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	19,092	(10,296)	17,083	(10,231)
<b>Income tax expenses (income) reported in the statements of comprehensive income</b>	<u>29,784</u>	<u>(6,340)</u>	<u>23,183</u>	<u>(10,231)</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	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	65,640	12,901	52,662	5
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	10,526	1,290	8,661	1,436
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>76,166</u>	<u>14,191</u>	<u>61,323</u>	<u>1,441</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 September 2016, the Company had capital commitments of approximately Baht 63.7 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 1.2 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 September 2016	31 December 2015 (Audited)	30 September 2016	31 December 2015 (Audited)
Payable:				
In up to 1 year	9.1	6.6	1.8	1.5
In over 1 and up to 5 years	29.0	20.5	1.1	2.2
In over 5 years	33.4	37.6	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
			(Audited)	(Audited)
Payable:				
In up to 1 year	21.0	4.8	1.8	1.5
In over 1 and up to 5 years	21.1	20.5	1.1	2.2
In over 5 years	33.4	37.6	-	-

#### 14.4 Guarantees

- (1) As at 30 September 2016, there were outstanding bank guarantees of approximately Baht 108 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 September 2016	31 December 2015
Guarantee payments due to Customs Department	92	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).
- (3) The Company guarantees bank credit facility of its subsidiary company amounting to Baht 6 million (31 December 2015: Nil)

#### 15. 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 nine-month periods ended 30 September 2016, export sales of the Company and its subsidiaries represented approximately 1.7 and 1.3 percent, respectively (30 September 2015: 0.9 and 1.9 percent) of total sales. The export sales of the Company only for the three-month and nine-month periods then ended represented approximately 1.0 and 0.8 percent, respectively (30 September 2015: 0.7 and 1.6 percent) of the Company's sales.

## 16. Foreign currency risk

As at 30 September 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 September 2016 (Million)	31 December 2015 (Million)	30 September 2016 (Million)	31 December 2015 (Million)	30 September 2016 (Baht per 1 foreign currency unit)	31 December 2015 (Baht per 1 foreign currency unit)
US dollar	0.3	0.03	4.7	0.2	34.6096	36.0022

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

As at 30 September 2016			
Foreign currency	Bought amount (Million)	Contractual exchange rate bought (Baht per 1 foreign currency unit)	Contractual maturity date
US dollar	3.9	34.77, 35.41 and 35.44	14 December 2016, 27 December 2016 and 6 March 2017

## 17. Approval of interim financial statements

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