

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 2017

## **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 2017, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, the related consolidated statements of changes in shareholders' equity and cash flows for the six-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*.

**Emphasis of matter**

I draw attention to Note 1.5 to the financial statements regarding the change in accounting policy on the measurement of land, from cost method to revaluation method. My conclusion is not qualified in respect of this matter.

Wattoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 9 August 2017

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

**Statement of financial position**

**As at 30 June 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		496,563	445,932	329,043	294,716
Trade and other receivables	3	837,551	605,937	711,015	520,613
Inventories	4	1,335,823	1,149,041	1,315,426	1,120,295
Advance for raw material		9,280	92,743	-	92,743
Dividend receivable from subsidiary	2	-	-	17,475	-
Other current assets		20,822	10,476	19,205	8,724
<b>Total current assets</b>		<u>2,700,039</u>	<u>2,304,129</u>	<u>2,392,164</u>	<u>2,037,091</u>
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	110,996	11,996
Property, plant and equipment	6	1,871,299	1,375,447	1,812,578	1,312,670
Intangible assets		24,826	25,269	24,800	25,238
Deferred tax assets		1,790	2,522	-	-
Other non-current assets		831	499	371	374
<b>Total non-current assets</b>		<u>1,898,746</u>	<u>1,403,737</u>	<u>1,948,745</u>	<u>1,350,278</u>
<b>Total assets</b>		<u><u>4,598,785</u></u>	<u><u>3,707,866</u></u>	<u><u>4,340,909</u></u>	<u><u>3,387,369</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 2017**

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</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	1,857,870	866,474	1,857,870	866,474
Trade and other payables	8	197,952	179,595	182,284	172,987
Income tax payable		17,768	31,446	9,388	24,995
Other current liabilities		14,945	22,372	11,478	19,596
<b>Total current liabilities</b>		<u>2,088,535</u>	<u>1,099,887</u>	<u>2,061,020</u>	<u>1,084,052</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		117,073	21,009	117,073	21,009
Provision for long-term employee benefits	9	31,578	29,987	24,766	23,479
<b>Total non-current liabilities</b>		<u>148,651</u>	<u>50,996</u>	<u>141,839</u>	<u>44,488</u>
<b>Total liabilities</b>		<u>2,237,186</u>	<u>1,150,883</u>	<u>2,202,859</u>	<u>1,128,540</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 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>					
Share capital					
Registered					
660,000,000 ordinary shares of Baht 1 each		660,000	660,000	660,000	660,000
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		733,461	1,314,127	509,912	1,015,973
Other components of shareholders' equity	1.5	385,282	-	385,282	-
<b>Total shareholders' equity</b>		<b>2,361,599</b>	<b>2,556,983</b>	<b>2,138,050</b>	<b>2,258,829</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,598,785</b>	<b>3,707,866</b>	<b>4,340,909</b>	<b>3,387,369</b>
		-	-	-	-

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

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Directors  
.....

(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 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>						
	Issued and fully paid-up share capital	Premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income Surplus on revaluation of assets	shareholders' equity
<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	-	-	-	-	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>-</u>	<u>2,356,710</u>
<b>Balance as at 1 January 2017</b>	660,000	514,845	1,011	67,000	1,314,127	-	2,556,983
Profit for the period	-	-	-	-	72,799	-	72,799
Other comprehensive income for the period	-	-	-	-	-	385,282	385,282
<b>Total comprehensive income for the period</b>	-	-	-	-	72,799	385,282	458,081
Dividend paid (Note 12)	-	-	-	-	(653,465)	-	(653,465)
<b>Balance as at 30 June 2017</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>733,461</u>	<u>385,282</u>	<u>2,361,599</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 2017**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>						Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income Surplus on revaluation of assets	
<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>-</u>	<u>2,093,422</u>
<b>Balance as at 1 January 2017</b>	660,000	514,845	1,011	67,000	1,015,973	-	2,258,829
Profit for the period	-	-	-	-	147,339	-	147,339
Other comprehensive income for the period	-	-	-	-	-	385,282	385,282
<b>Total comprehensive income for the period</b>	-	-	-	-	147,339	385,282	532,621
Dividend paid (Note 12)	-	-	-	-	(653,400)	-	(653,400)
<b>Balance as at 30 June 2017</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>509,912</u>	<u>385,282</u>	<u>2,138,050</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 three-month period ended 30 June 2017**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	1,907,060	1,716,850	1,831,552	1,714,755
Exchange gain		73	210	74	210
Dividend income	5	-	-	116,415	34,084
Other income		36,073	35,015	35,292	34,381
<b>Total revenues</b>		<u>1,943,206</u>	<u>1,752,075</u>	<u>1,983,333</u>	<u>1,783,430</u>
<b>Expenses</b>					
Cost of sales and services		1,857,312	1,510,685	1,801,484	1,524,888
Selling expenses		36,875	34,816	49,929	45,108
Administrative expenses		68,485	61,307	61,229	54,955
<b>Total expenses</b>		<u>1,962,672</u>	<u>1,606,808</u>	<u>1,912,642</u>	<u>1,624,951</u>
<b>Profit (loss) before finance cost and income tax</b>		(19,466)	145,267	70,691	158,479
Finance cost		(11,233)	(8,949)	(11,023)	(8,767)
<b>Profit (loss) before income tax</b>		(30,699)	136,318	59,668	149,712
Income tax benefits (expenses)	10	7,799	(27,257)	12,656	(23,131)
<b>Profit (loss) for the period</b>		<u>(22,900)</u>	<u>109,061</u>	<u>72,324</u>	<u>126,581</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Surplus on revaluation of assets		481,602	-	481,602	-
Less: Income tax effect		(96,320)	-	(96,320)	-
<b>Other comprehensive income for the period</b>		<u>385,282</u>	<u>-</u>	<u>385,282</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>362,382</u>	<u>109,061</u>	<u>457,606</u>	<u>126,581</u>
<b>Earnings per share</b>					
	11				
Basic earnings per share					
Profit (loss) for the period		<u>(0.03)</u>	<u>0.17</u>	<u>0.11</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

## Statement of comprehensive income

For the six-month period ended 30 June 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	3,810,181	3,506,600	3,697,035	3,485,822
Exchange gain		2,451	151	2,451	161
Dividend income	5	-	-	116,415	34,084
Other income		69,904	71,215	68,678	70,363
<b>Total revenues</b>		<b>3,882,536</b>	<b>3,577,966</b>	<b>3,884,579</b>	<b>3,590,430</b>
<b>Expenses</b>					
Cost of sales and services		3,549,035	2,976,439	3,478,534	2,986,001
Selling expenses		75,017	71,067	98,135	93,666
Administrative expenses		147,223	119,458	133,126	107,081
<b>Total expenses</b>		<b>3,771,275</b>	<b>3,166,964</b>	<b>3,709,795</b>	<b>3,186,748</b>
<b>Profit before finance cost</b>					
<b>and income tax expenses</b>		111,261	411,002	174,784	403,682
Finance cost		(18,242)	(18,499)	(17,869)	(18,168)
<b>Profit before income tax expenses</b>		93,019	392,503	156,915	385,514
Income tax expenses	10	(20,220)	(46,382)	(9,576)	(38,140)
<b>Profit for the period</b>		<b>72,799</b>	<b>346,121</b>	<b>147,339</b>	<b>347,374</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Surplus on revaluation of assets		481,602	-	481,602	-
Less: Income tax effect		(96,320)	-	(96,320)	-
<b>Other comprehensive income for the period</b>		<b>385,282</b>	<b>-</b>	<b>385,282</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>458,081</b>	<b>346,121</b>	<b>532,621</b>	<b>347,374</b>
<b>Earnings per share</b>					
11					
Basic earnings per share					
Profit for the period		0.11	0.52	0.22	0.53

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 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>				
Profit before tax	93,019	392,503	156,915	385,514
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	60,940	63,484	55,930	59,014
Bad debts	8,420	-	4,797	-
Allowance for doubtful accounts (reversal)	(8,895)	928	(4,933)	494
Reduction of inventory cost to net realisable value	15,983	61,928	15,983	61,928
Reversal of allowance for impairment of advance for raw material	(5,279)	(5,040)	(5,279)	(5,040)
Loss (gain) on write-off/disposals of equipment	169	(69)	169	(52)
Provision for long-term employee benefits	1,591	1,478	1,287	1,195
Unrealised (gain) loss on exchange	249	(249)	249	(249)
Dividend income	-	-	(116,415)	(34,084)
Interest income	(1,062)	(962)	(812)	(667)
Interest expenses	16,792	17,201	16,792	17,201
Profit from operating activities before changes in operating assets and liabilities	181,927	531,202	124,683	485,254
Operating assets (increase) decrease				
Trade and other receivables	(231,139)	(80,082)	(190,266)	(43,293)
Inventories	(202,765)	(162,745)	(211,114)	(151,906)
Advance for raw material	88,742	(29,606)	98,022	(29,606)
Other current assets	(10,678)	(2,957)	(10,478)	(2,186)
Operating liabilities increase (decrease)				
Trade and other payables	750	(56,944)	(7,456)	(53,017)
Other current liabilities	(7,427)	3,145	(8,118)	4,420
Cash flows from (used in) operating activities	(180,590)	202,013	(204,727)	209,666
Cash paid for interest expenses	(15,366)	(17,211)	(15,366)	(17,211)
Cash paid for corporate income tax	(33,423)	(9,052)	(25,440)	(1,545)
<b>Net cash flows from (used in) operating activities</b>	<b>(229,379)</b>	<b>175,750</b>	<b>(245,533)</b>	<b>190,910</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 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(56,674)	(22,024)	(56,579)	(11,024)
Acquisition of intangible assets	(2,055)	(80)	(2,055)	(80)
Increase in investment in a subsidiary	-	-	(99,000)	-
Interest income	1,062	962	812	667
Dividend income	-	-	98,940	-
Proceeds from sales of equipment	-	94	-	77
<b>Net cash flows used in investing activities</b>	<u>(57,667)</u>	<u>(21,048)</u>	<u>(57,882)</u>	<u>(10,360)</u>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	991,142	193,197	991,142	193,197
Repayment of long-term loan from financial institution	-	(367,000)	-	(367,000)
Dividend paid	(653,465)	-	(653,400)	-
<b>Net cash flows from (used in) financing activities</b>	<u>337,677</u>	<u>(173,803)</u>	<u>337,742</u>	<u>(173,803)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	50,631	(19,101)	34,327	6,747
Cash and cash equivalents at beginning of period	<u>445,932</u>	<u>440,929</u>	<u>294,716</u>	<u>264,893</u>
<b>Cash and cash equivalents at end of period</b>	<u>496,563</u>	<u>421,828</u>	<u>329,043</u>	<u>271,640</u>
	-		-	

**Supplemental cash flows information:**

Non-cash transaction

Acquisition of building and equipment for

which no cash has been paid

16,187	6,982	15,333	6,517
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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 2017**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) 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.

**1.2 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 2016. There has been no change in the composition of the Group during the current period.

**1.3 New financial reporting standards**

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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. However, one standard involves changes to key principles, which are summarised below.

## **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

### **1.4 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 2016, except for the following changes in the accounting policy:

#### **Property, plant and equipment**

Land is stated at revalued amount.

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The Company derecognise the revaluation surplus on an asset upon disposal or when no future economic benefits are expected from its use or disposal. The revaluation surplus, remaining upon derecognition, is transferred directly to retained earnings.

### 1.5 Change in accounting policy relating to the valuation of land from cost method to revaluation method

During the period, the Company reviewed and changed its accounting policy for recording the value of land from the cost method to the revaluation method, under which value is the fair value of the asset at the valuation date.

In making the changes in accounting policy described in Note 1.4 to the financial statements, the Company adopted TAS 8. This is considered to be a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require the change to be applied retroactively. Therefore, the Company has applied the change prospectively.

The amounts of adjustments affecting the statements of financial position as at 30 June 2017 and the statements of comprehensive income for the three-month and six-month periods then ended are as follows.

	(Unit: Thousand Baht)	
	30 June 2017	
	Consolidated/Separate financial statements	
<b>The statements of financial position:</b>		
Increase in property, plant and equipment - net		481,602
Increase in deferred tax liabilities		96,320
Increase in other components of equity		385,282

	(Unit: Thousand Baht)	
	For the three-month period ended 30 June 2017	For the six-month period ended 30 June 2017
	Consolidated/Separate financial statements	Consolidated/ Separate financial statements
<b>The statements of comprehensive income:</b>		
<b>Other comprehensive income</b>		
Increase in surplus on revaluation of assets	481,602	481,602
Increase in income tax relating to components of other comprehensive income	96,320	96,320

## 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, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	817.3	814.4	Reference to market price
Rental income	-	-	0.1	0.1	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	16.0	17.4	Contract price
Transportation expenses	-	-	28.5	22.2	Reference to market price
Dividend income	-	-	116.4	34.1	As declared
<u>Transactions with related party</u>					
Interest expenses	-	1.1	-	1.1	MLR - 2.4 per annum
Office rental and service expenses	1.1	0.8	-	-	Contract price
Land rental	1.2	1.2	1.2	1.2	Contract price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,698.3	1,637.3	Reference to market price
Rental income	-	-	0.3	0.3	Contract price
Service income	-	-	0.4	0.4	Contract price
Commission paid	-	-	33.6	35.6	Contract price
Transportation expenses	-	-	54.3	46.1	Reference to market price
Dividend income	-	-	116.4	34.1	As declared
<u>Transactions with related party</u>					
Interest expenses	-	2.2	-	2.2	MLR - 2.4 per annum
Office rental and service expenses	2.2	1.6	-	-	Contract price
Land rental	2.4	2.4	2.4	2.4	Contract price

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2017 and 31 December 2016 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
	2017	2016	2017	2016
<b><u>Trade receivable - related party (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	214,712	172,474
<b>Total trade receivable - related party</b>	<b>-</b>	<b>-</b>	<b>214,712</b>	<b>172,474</b>
<b><u>Other receivables - related parties (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	2,130	2,079
Meesup Transport Company Limited	-	-	63	32
<b>Total other receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>2,193</b>	<b>2,111</b>
<b><u>Dividend receivable from subsidiary</u></b>				
Meesup Transport Company Limited	-	-	17,475	-
Total dividend receivable from subsidiary	-	-	17,475	-
<b><u>Other payables - related parties (Note 8)</u></b>				
Tamose Trading Company Limited	-	-	6,536	7,694
Meesup Transport Company Limited	-	-	5,245	3,982
<b>Total other payables - related parties</b>	<b>-</b>	<b>-</b>	<b>11,781</b>	<b>11,676</b>

#### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	11,760	11,652	23,485	21,143
Post-employment benefits	259	247	519	494
Total	12,019	11,899	24,004	21,637

#### Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 13.5 to the financial statements.

(Unaudited but reviewed)

### 3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	214,712	172,474
Total trade receivable - related party (Note 2)	-	-	214,712	172,474
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	703,752	469,580	405,453	265,377
Past due				
Up to 3 months	125,922	127,603	83,492	76,691
3 - 6 months	1,536	7,557	1,150	3,174
6 - 12 months	5,660	1,130	3,243	119
Over 12 months	8,123	16,404	6,077	10,905
Total	844,993	622,274	499,415	356,266
Less: Allowance for doubtful debts	(7,442)	(16,337)	(5,305)	(10,238)
Total trade receivables - unrelated parties, net	837,551	605,937	494,110	346,028
Total trade receivables - net	837,551	605,937	708,822	518,502
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	2,193	2,111
Total other receivables	-	-	2,193	2,111
Total trade and other receivables - net	837,551	605,937	711,015	520,613

### 4. Inventories

Movements in the reduce cost of inventory to net realisable value account during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
<b>Balance as at 1 January 2017</b>	4,829
Add: Increase during the period	15,983
<b>Balance as at 30 June 2017</b>	<b>20,812</b>

## 5. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the period	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				
Tamose Trading Company Limited	100,000	1,000	99.99	99.94	99,999	999	98,940	17,989
Meesup Transport Company Limited	9,200	9,200	99.97	99.97	10,997	10,997	17,475	16,095
<b>Total</b>					<b>110,996</b>	<b>11,996</b>	<b>116,415</b>	<b>34,084</b>

During the current period, Tamose Trading Company Limited increased its registered share capital by 990,000 ordinary shares of Baht 100 per share (fully called-up). As a result, the registered and paid-up share capital was increase to be Baht 100 million (1 million shares of Baht 100 per share, fully called-up). On 27 June 2017, Tamose Trading Company Limited registered the increase in share capital with the Ministry of Commerce.

## 6. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	Assets on revaluation basis - land	Assets on cost basis	Assets on revaluation basis - land	Assets on cost basis
<b>Net book value as at 1 January 2017</b>	252,261	1,123,186	252,261	1,060,409
Acquisitions during the period	7,600	65,261	7,600	64,311
Appraisal during the period	481,602	-	481,602	-
Write-off during the period - net book value at write-off date	-	(169)	-	(169)
Depreciation for the period	-	(58,442)	-	(53,436)
<b>Net book value as at 30 June 2017</b>	<b>741,463</b>	<b>1,129,836</b>	<b>741,463</b>	<b>1,071,115</b>

(Unaudited but reviewed)

The Company arranged for an independent professional appraiser to appraise the value of land in 2017, using the market approach.

## 7. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated / Separate financial statements	
		30 June 2017	31 December 2016
Short-term loans from financial institutions	2.40 - 2.55	1,676,300	777,162
Trust receipt	2.26 - 2.95	181,570	89,312
		<u>1,857,870</u>	<u>866,474</u>

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

## 8. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade payables - unrelated parties	100,008	54,683	86,501	51,726
Other payables - related parties (Note 2)	-	-	11,781	11,676
Other payables - unrelated parties	37,203	35,255	34,613	33,712
Payable for building and equipment acquisition	16,187	8,102	15,333	8,074
Accrued expenses	44,554	81,555	34,056	67,799
Total trade and other payables	<u>197,952</u>	<u>179,595</u>	<u>182,284</u>	<u>172,987</u>

## 9. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
<b>Balance as at 1 January 2017</b>		29,987		23,479
Add: Recognition during the period		1,591		1,287
<b>Balance as at 30 June 2017</b>		<u>31,578</u>		<u>24,766</u>

**10. Income tax**

Income tax for the three-month and six-month periods ended 30 June 2017 and 2016 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(6,947)	40,683	(11,817)	36,442
Adjustment in respect of income tax of previous year	(1,024)	-	(1,003)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	172	(13,426)	164	(13,311)
<b>Income tax expenses (benefits) reported in the statements of comprehensive income</b>	<u>(7,799)</u>	<u>27,257</u>	<u>(12,656)</u>	<u>23,131</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	20,768	54,948	10,835	46,562
Adjustment in respect of income tax of previous year	(1,024)	-	(1,003)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	476	(8,566)	(256)	(8,422)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>20,220</u>	<u>46,382</u>	<u>9,576</u>	<u>38,140</u>

**11. Earnings per share**

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

**12. Dividend**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividend for 2016	Annual General Meeting of the shareholders on 21 April 2017	653.4	0.99
Total for 2017		653.4	0.99

**13. Commitments and contingent liabilities****13.1 Capital commitments**

As at 30 June 2017, the Company had capital commitments of approximately Baht 67 million, relating to purchases of machinery and computer system development (31 December 2016: Baht 71.5 million).

**13.2 Letters of credit**

As at 30 June 2017, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 1.1 million and EUR 1.0 million (31 December 2016: USD 0.9 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 3 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 2017	31 December 2016	30 June 2017	31 December 2016
Payable:				
In up to 1 year	9.3	9.2	3.4	1.5
In over 1 and up to 5 years	26.3	28.1	2.2	0.7
In over 5 years	29.1	32.0	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	Related parties		Unrelated parties	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Payable:				
In up to 1 year	4.9	4.8	2.3	1.5
In over 1 and up to 5 years	21.7	21.3	-	0.7
In over 5 years	29.1	32.0	-	-

### 13.4 Service Commitment

As at 30 June 2017, the Company had service commitment relating to marketing service in up to 1 year of approximately Baht 35.3 million (31 December 2016: None).

### 13.5 Guarantees

- (1) As at 30 June 2017, there were outstanding bank guarantees of approximately Baht 108 million (31 December 2016: Baht 108 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 2017	31 December 2016
Guarantee payments due to Customs Department	92	92
Guarantee electricity use	15	15
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 2016: Baht 1 million).
- (3) The Company guarantees bank credit facility of its subsidiary company amounting to Baht 6 million (31 December 2016: 6 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 and the single geographical area of their main 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 (loss) and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

**15. Foreign currency risk**

As at 30 June 2017 and 31 December 2016, 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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.6	0.3	5.2	2.5	33.8989	35.7424
Euro	-	-	0.3	-	38.6963	37.5974

As at 30 June 2017, the Company has no outstanding balances of forward foreign exchange contracts.

**16. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2017.