

Pacific Pipe Public Company Limited and its subsidiaries  
Review report and consolidated interim financial statements  
For the three-month and nine-month periods ended  
30 September 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 September 2017, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2017, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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: 10 November 2017

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

**Statement of financial position**

**As at 30 September 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2017</u>	<u>31 December 2016</u>	<u>30 September 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		563,482	445,932	394,579	294,716
Trade and other receivables	3	927,437	605,937	772,488	520,613
Inventories	4	1,430,395	1,149,041	1,388,818	1,120,295
Advance for raw material		15,033	92,743	21	92,743
Other current assets		21,739	10,476	18,723	8,724
<b>Total current assets</b>		<u>2,958,086</u>	<u>2,304,129</u>	<u>2,574,629</u>	<u>2,037,091</u>
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	110,996	11,996
Property, plant and equipment	6	1,919,204	1,375,447	1,861,710	1,312,670
Intangible assets		23,646	25,269	23,622	25,238
Deferred tax assets		1,856	2,522	-	-
Other non-current assets		818	499	371	374
<b>Total non-current assets</b>		<u>1,945,524</u>	<u>1,403,737</u>	<u>1,996,699</u>	<u>1,350,278</u>
<b>Total assets</b>		<u><u>4,903,610</u></u>	<u><u>3,707,866</u></u>	<u><u>4,571,328</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 September 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2017</u>	<u>31 December 2016</u>	<u>30 September 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	1,929,362	866,474	1,879,202	866,474
Trade and other payables	8	248,354	179,595	228,781	172,987
Income tax payable		35,007	31,446	29,370	24,995
Other current liabilities		19,498	22,372	13,511	19,596
<b>Total current liabilities</b>		<b>2,232,221</b>	<b>1,099,887</b>	<b>2,150,864</b>	<b>1,084,052</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		119,942	21,009	119,942	21,009
Provision for long-term employee benefits	9	32,373	29,987	25,409	23,479
Deferred rental expenses		1,930	-	1,930	-
<b>Total non-current liabilities</b>		<b>154,245</b>	<b>50,996</b>	<b>147,281</b>	<b>44,488</b>
<b>Total liabilities</b>		<b>2,386,466</b>	<b>1,150,883</b>	<b>2,298,145</b>	<b>1,128,540</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 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2017</u>	<u>31 December 2016</u>	<u>30 September 2017</u>	<u>31 December 2016</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		889,006	1,314,127	645,045	1,015,973
Other components of shareholders' equity	1.5	<u>385,282</u>	-	<u>385,282</u>	-
<b>Total shareholders' equity</b>		<u>2,517,144</u>	<u>2,556,983</u>	<u>2,273,183</u>	<u>2,258,829</u>
<b>Total liabilities and shareholders' equity</b>		<u>4,903,610</u>	<u>3,707,866</u>	<u>4,571,328</u>	<u>3,387,369</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 changes in shareholders' equity**

**For the nine-month period ended 30 September 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 shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
				Surplus on	Surplus on		
				revaluation of assets			
<b>Balance as at 1 January 2016</b>	660,000	514,845	1,011	67,000	767,748	-	2,010,604
Total comprehensive income for the period	-	-	-	-	453,892	-	453,892
Dividend paid	-	-	-	-	(15)	-	(15)
<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>-</u>	<u>2,464,481</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	-	-	-	-	228,344	-	228,344
Other comprehensive income for the period	-	-	-	-	-	385,282	385,282
<b>Total comprehensive income for the period</b>	-	-	-	-	228,344	385,282	613,626
Dividend paid (Note 12)	-	-	-	-	(653,465)	-	(653,465)
<b>Balance as at 30 September 2017</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>889,006</u>	<u>385,282</u>	<u>2,517,144</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 2017

(Unit: Thousand Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	Total shareholders' 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	-	-	-	-	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>-</u>	<u>2,185,491</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	-	-	-	-	282,472	-	282,472
Other comprehensive income for the period	-	-	-	-	-	385,282	385,282
<b>Total comprehensive income for the period</b>	-	-	-	-	282,472	385,282	667,754
Dividend paid (Note 12)	-	-	-	-	(653,400)	-	(653,400)
<b>Balance as at 30 September 2017</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>645,045</u>	<u>385,282</u>	<u>2,273,183</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 September 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	2,115,898	1,795,442	2,014,229	1,766,079
Exchange gain		3,173	900	3,172	902
Other income		54,526	37,904	53,445	37,491
<b>Total revenues</b>		<u>2,173,597</u>	<u>1,834,246</u>	<u>2,070,846</u>	<u>1,804,472</u>
<b>Expenses</b>					
Cost of sales and services		1,853,018	1,569,420	1,771,247	1,560,112
Selling expenses		41,254	39,193	53,386	48,484
Administrative expenses		74,826	80,679	67,130	73,416
<b>Total expenses</b>		<u>1,969,098</u>	<u>1,689,292</u>	<u>1,891,763</u>	<u>1,682,012</u>
<b>Profit before finance cost and income tax expenses</b>					
Finance cost		(11,194)	(7,399)	(10,901)	(7,208)
<b>Profit before income tax expenses</b>		<u>193,305</u>	<u>137,555</u>	<u>168,182</u>	<u>115,252</u>
Income tax expenses	10	(37,760)	(29,784)	(33,049)	(23,183)
<b>Profit for the period</b>		<u>155,545</u>	<u>107,771</u>	<u>135,133</u>	<u>92,069</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>155,545</u>	<u>107,771</u>	<u>135,133</u>	<u>92,069</u>
<b>Earnings per share</b>					
Basic earnings per share					
Profit for the period	11	<u>0.24</u>	<u>0.16</u>	<u>0.20</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 comprehensive income**

**For the nine-month period ended 30 September 2017**

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	5,926,079	5,302,042	5,711,264	5,251,901
Exchange gain		5,624	1,051	5,623	1,063
Dividend income	2, 5	-	-	116,415	34,084
Other income		124,430	109,119	122,123	107,854
<b>Total revenues</b>		<b>6,056,133</b>	<b>5,412,212</b>	<b>5,955,425</b>	<b>5,394,902</b>
<b>Expenses</b>					
Cost of sales and services		5,402,053	4,545,859	5,249,781	4,546,113
Selling expenses		116,271	110,260	151,521	142,150
Administrative expenses		222,049	200,137	200,256	180,497
<b>Total expenses</b>		<b>5,740,373</b>	<b>4,856,256</b>	<b>5,601,558</b>	<b>4,868,760</b>
<b>Profit before finance cost and income tax expenses</b>					
Finance cost		(29,436)	(25,898)	(28,770)	(25,376)
<b>Profit before income tax expenses</b>		<b>286,324</b>	<b>530,058</b>	<b>325,097</b>	<b>500,766</b>
Income tax expenses	10	(57,980)	(76,166)	(42,625)	(61,323)
<b>Profit for the period</b>		<b>228,344</b>	<b>453,892</b>	<b>282,472</b>	<b>439,443</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>613,626</b>	<b>453,892</b>	<b>667,754</b>	<b>439,443</b>
<b>Earnings per share</b>					
Basic earnings per share					
Profit for the period	11	0.35	0.69	0.43	0.67

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 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	286,324	530,058	325,097	500,766
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	91,749	95,674	84,324	89,037
Bad debts	8,434	11,832	4,811	1,383
Reversal of allowance for doubtful accounts	(8,145)	(10,074)	(4,364)	(326)
Reduction of inventory cost to net realisable value (reversal)	1,901	(17,012)	1,901	(17,012)
Reversal of allowance for impairment of advance for raw material	(7,132)	(7,056)	(7,132)	(7,056)
Loss (gain) on write-off/disposals of equipment	179	(60)	179	(43)
Loss on write-off of intangible asset	-	546	-	546
Provision for long-term employee benefits	2,386	2,217	1,930	1,793
Deferred rental expenses	1,930	-	1,930	-
Unrealised gain on exchange	(21)	(1,065)	(21)	(1,065)
Dividend income	-	-	(116,415)	(34,084)
Interest income	(1,069)	(970)	(817)	(672)
Interest expenses	<u>27,263</u>	<u>23,916</u>	<u>27,161</u>	<u>23,916</u>
Profit from operating activities before changes in operating assets and liabilities	403,799	628,006	318,584	557,183
Operating assets (increase) decrease				
Trade and other receivables	(321,789)	(117,453)	(252,322)	(86,613)
Inventories	(283,255)	(333,609)	(270,424)	(331,273)
Advance for raw material	84,843	6,654	99,855	6,654
Other current assets	(11,582)	(13,189)	(9,996)	(13,485)
Operating liabilities increase (decrease)				
Trade and other payables	56,659	(13,925)	43,721	(17,845)
Other current liabilities	<u>(2,874)</u>	<u>(3,947)</u>	<u>(6,085)</u>	<u>(4,879)</u>
Cash flows from (used in) operating activities	(74,199)	152,537	(76,667)	109,742
Cash paid for interest expenses	(26,219)	(23,545)	(26,117)	(23,545)
Cash paid for corporate income tax	<u>(51,141)</u>	<u>(62,447)</u>	<u>(35,638)</u>	<u>(47,420)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>(151,559)</u>	<u>66,545</u>	<u>(138,422)</u>	<u>38,777</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 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(139,219)	(67,392)	(137,111)	(51,448)
Acquisition of intangible assets	(2,184)	(95)	(2,184)	(95)
Increase in investment in a subsidiary	-	-	(99,000)	-
Dividend income	-	-	116,415	34,084
Interest income	1,068	970	816	672
Proceeds from sales of equipment	-	93	-	76
<b>Net cash flows used in investing activities</b>	<b>(140,335)</b>	<b>(66,424)</b>	<b>(121,064)</b>	<b>(16,711)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	1,062,909	434,072	1,012,749	434,072
Repayment of long-term loan from financial institution	-	(397,000)	-	(397,000)
Dividend paid	(653,465)	(15)	(653,400)	-
<b>Net cash flows from financing activities</b>	<b>409,444</b>	<b>37,057</b>	<b>359,349</b>	<b>37,072</b>
<b>Net increase in cash and cash equivalents</b>	<b>117,550</b>	<b>37,178</b>	<b>99,863</b>	<b>59,138</b>
Cash and cash equivalents at beginning of period	445,932	440,929	294,716	264,893
<b>Cash and cash equivalents at end of period</b>	<b>563,482</b>	<b>478,107</b>	<b>394,579</b>	<b>324,031</b>
	-		-	
<b>Supplemental cash flows information:</b>				
Non-cash transaction				
Acquisition of building and equipment for which no cash has been paid	11,056	8,203	11,029	8,203

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 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 September 2017 and the statements of comprehensive income for the three-month and nine-month periods then ended are as follows.

	(Unit: Thousand Baht)	
	30 September 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 September 2017	For the nine-month period ended 30 September 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
Increase in income tax relating to components of other comprehensive income	-	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 September				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	-	-	969.1	832.7	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	17.6	16.2	Contract price
Transportation expenses	-	-	30.2	26.0	Reference to market price
<u>Transactions with related parties</u>					
Interest expenses	-	1.1	-	1.1	MLR - 2.4 per annum
Office rental and service expenses	1.1	1.0	-	-	Contract price
Land rental	1.0	1.2	1.0	1.2	Contract price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				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	-	-	2,667.4	2,470.0	Reference to market price
Rental income	-	-	0.5	0.5	Contract price
Service income	-	-	0.6	0.6	Contract price
Commission paid	-	-	51.2	51.8	Contract price
Transportation expenses	-	-	84.5	72.1	Reference to market price
Dividend income	-	-	116.4	34.1	As declared
<u>Transactions with related party</u>					
Interest expenses	-	3.3	-	3.3	MLR - 2.4 per annum
Office rental and service expenses	3.3	2.6	-	-	Contract price
Land rental	3.4	3.6	3.4	3.6	Contract price

(Unaudited but reviewed)

The balances of the accounts as at 30 September 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 September	31 December	30 September	31 December
	2017	2016	2017	2016
<b><u>Trade receivable - related party (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	271,422	172,474
<b>Total trade receivable - related party</b>	<b>-</b>	<b>-</b>	<b>271,422</b>	<b>172,474</b>
<b><u>Other receivables - related parties (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	2,752	2,079
Meesup Transport Company Limited	-	-	112	32
<b>Total other receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>2,864</b>	<b>2,111</b>
<b><u>Other payables - related parties (Note 8)</u></b>				
Tamose Trading Company Limited	-	-	7,557	7,694
Meesup Transport Company Limited	-	-	5,171	3,982
<b>Total other payables - related parties</b>	<b>-</b>	<b>-</b>	<b>12,728</b>	<b>11,676</b>

#### Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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 nine-month periods	
	ended 30 September		ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	9,319	18,652	32,804	39,794
Post-employment benefits	259	247	778	741
<b>Total</b>	<b>9,578</b>	<b>18,899</b>	<b>33,582</b>	<b>40,535</b>

#### 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.

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	249,110	172,474
Past due				
Up to 3 months	-	-	22,312	-
Total trade receivable - related party (Note 2)	-	-	271,422	172,474
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	778,400	469,580	414,894	265,377
Past due				
Up to 3 months	143,671	127,603	78,567	76,691
3 - 6 months	3,114	7,557	2,877	3,174
6 - 12 months	2,671	1,130	1,917	119
Over 12 months	7,773	16,404	5,821	10,905
Total	935,629	622,274	504,076	356,266
Less: Allowance for doubtful debts	(8,192)	(16,337)	(5,874)	(10,238)
Total trade receivables - unrelated parties, net	927,437	605,937	498,202	346,028
Total trade receivables - net	927,437	605,937	769,624	518,502
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	2,864	2,111
Total other receivables	-	-	2,864	2,111
Total trade and other receivables - net	927,437	605,937	772,488	520,613

#### 4. Inventories

Movements in the reduce cost of inventory to net realisable value account during the nine-month period ended 30 September 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	1,901
<b>Balance as at 30 September 2017</b>	6,730

#### 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		Dividend received during the period	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September
	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>					110,996	11,996	116,415	34,084

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 nine-month period ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	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	142,675	7,600	140,540
Appraisal during the period	481,602	-	481,602	-
Write-off during the period - net book value at write-off date	-	(179)	-	(179)
Depreciation for the period	-	(87,941)	-	(80,523)
<b>Net book value as at 30 September 2017</b>	<b>741,463</b>	<b>1,177,741</b>	<b>741,463</b>	<b>1,120,247</b>

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

	Interest rate (Percent per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		30 September 2017	31 December 2016	30 September 2017	31 December 2016
Short-term loans from financial institutions	2.32 - 3.53	1,860,586	777,162	1,810,426	777,162
Trust receipt	2.50 - 3.05	68,776	89,312	68,776	89,312
		<b>1,929,362</b>	<b>866,474</b>	<b>1,879,202</b>	<b>866,474</b>

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

(Unaudited but reviewed)

**8. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Trade payables - unrelated parties	131,344	54,683	115,540	51,726
Other payables - related parties (Note 2)	-	-	12,728	11,676
Other payables - unrelated parties	49,387	35,255	43,932	33,712
Payable for building and equipment acquisition	11,056	8,102	11,029	8,074
Accrued expenses	56,567	81,555	45,552	67,799
<b>Total trade and other payables</b>	<b>248,354</b>	<b>179,595</b>	<b>228,781</b>	<b>172,987</b>

**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	2,386	1,930
<b>Balance as at 30 September 2017</b>	<b>32,373</b>	<b>25,409</b>

**10. Income tax**

Income tax for the three-month and nine-month periods ended 30 September 2017 and 2016 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
	2017	2016	2017	2016
<b>Current income tax:</b>				
Interim corporate income tax charge	34,957	10,692	30,180	6,100
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,803	19,092	2,869	17,083
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>37,760</b>	<b>29,784</b>	<b>33,049</b>	<b>23,183</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	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	55,725	65,640	41,015	52,662
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	3,279	10,526	2,613	8,661
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>57,980</u>	<u>76,166</u>	<u>42,625</u>	<u>61,323</u>

The amounts of income tax relating to each component of other comprehensive income for the nine-month period ended 30 September 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate	
	financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax on gain from revaluation of land	96,320	-

## 11. Earnings per share

Basic earnings per share is calculated by dividing profit 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/Share)
Final dividend for 2016	Annual General Meeting of the shareholders on 21 April 2017	653.4	0.99
Total for 2017		<u>653.4</u>	<u>0.99</u>

### 13. Commitments and contingent liabilities

#### 13.1 Capital commitments

As at 30 September 2017, the Company had capital commitments of approximately Baht 34.4 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 September 2017, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 3.7 million and EUR 0.1 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 September	31 December	30 September	31 December
	2017	2016	2017	2016
Payable:				
In up to 1 year	9.4	9.2	2.6	1.5
In over 1 and up to 5 years	25.4	28.1	2.0	0.7
In over 5 years	27.6	32.0	-	-

(Unit: Million Baht)

	Separate financial statements			
	Related parties		Unrelated parties	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Payable:				
In up to 1 year	5.0	4.8	1.5	1.5
In over 1 and up to 5 years	21.8	21.3	-	0.7
In over 5 years	27.6	32.0	-	-

**13.4 Service Commitment**

As at 30 September 2017, the Company had service commitment relating to marketing service in up to 1 year of approximately Baht 17.6 million (31 December 2016: None).

**13.5 Guarantees**

- (1) As at 30 September 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)	
	<u>30 September 2017</u>	<u>31 December 2016</u>
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: Baht 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 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 September 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 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	0.3	0.5	2.5	33.2868	35.7424
Euro	-	-	1.3	-	39.1527	37.5974

As at 30 September 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 10 November 2017.