

Pacific Pipe Public Company Limited and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2018

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 2018, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2018, 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*.

Wattoo Kayankannavee
Certified Public Accountant (Thailand) No. 5423

EY Office Limited
Bangkok: 8 August 2018

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets					
Current assets					
Cash and cash equivalents		432,291	475,115	284,621	277,419
Trade and other receivables	3	1,194,308	918,556	894,254	752,135
Dividend receivable from subsidiaries	2	-	-	37,015	-
Inventories	4	1,677,905	1,456,414	1,586,695	1,404,170
Advance for raw material		1,683	13,332	196	621
Other current financial assets		8,031	9,694	988	9,617
Other current assets		16,033	18,382	14,102	17,149
Total current assets		3,330,251	2,891,493	2,817,871	2,461,111
Non-current assets					
Investments in subsidiaries		-	-	110,996	110,996
Property, plant and equipment	5	1,890,516	1,925,620	1,838,469	1,870,379
Intangible assets		30,753	24,679	30,737	24,658
Deferred tax assets		2,250	1,906	-	-
Other non-current assets		1,012	849	371	371
Total non-current assets		1,924,531	1,953,054	1,980,573	2,006,404
Total assets		5,254,782	4,844,547	4,798,444	4,467,515

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 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	6	2,383,962	1,896,390	2,256,375	1,841,259
Trade and other payables	7	253,655	145,837	212,244	114,371
Income tax payable		18,624	46,667	12,804	37,041
Other current liabilities		21,628	19,636	7,110	10,767
Total current liabilities		2,677,869	2,108,530	2,488,533	2,003,438
Non-current liabilities					
Deferred tax liabilities		119,304	119,555	119,304	119,555
Provision for long-term employee benefits	8	36,363	33,169	28,926	26,053
Deferred rental		2,367	2,076	2,367	2,076
Total non-current liabilities		158,034	154,800	150,597	147,684
Total liabilities		2,835,903	2,263,330	2,639,130	2,151,122

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Shareholders' equity				
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	790,741	953,079	531,176	688,255
Other components of shareholders' equity	385,282	385,282	385,282	385,282
Total shareholders' equity	2,418,879	2,581,217	2,159,314	2,316,393
Total liabilities and shareholders' equity	5,254,782	4,844,547	4,798,444	4,467,515
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2018

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income	2	2,402,708	1,907,060	2,210,628	1,831,552
Exchange gain		-	73	-	74
Dividend income	2	-	-	37,015	116,415
Other income		57,579	36,073	53,804	35,292
Total revenues		2,460,287	1,943,206	2,301,447	1,983,333
Expenses					
Cost of sales and services		2,317,106	1,857,312	2,145,433	1,801,484
Selling expenses		45,466	36,875	44,953	49,929
Administrative expenses		75,382	68,485	68,442	61,229
Exchange loss		49	-	75	-
Total expenses		2,438,003	1,962,672	2,258,903	1,912,642
Profit (loss) before finance cost and income tax		22,284	(19,466)	42,544	70,691
Finance cost		(13,649)	(11,233)	(12,913)	(11,023)
Profit (loss) before income tax		8,635	(30,699)	29,631	59,668
Income tax benefits (expenses)	9	(813)	7,799	2,111	12,656
Profit (loss) for the period		7,822	(22,900)	31,742	72,324
Other comprehensive income:					
<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)
Other comprehensive income for the period		-	385,282	-	385,282
Total comprehensive income for the period		7,822	362,382	31,742	457,606
Earnings per share					
	10				
Basic earnings per share					
Profit (loss) for the period		0.01	(0.03)	0.05	0.11

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 2018

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income	2	4,913,874	3,810,181	4,566,709	3,697,035
Exchange gain		4,479	2,451	4,497	2,451
Dividend income	2	-	-	37,015	116,415
Other income		125,369	69,904	118,763	68,678
Total revenues		5,043,722	3,882,536	4,726,984	3,884,579
Expenses					
Cost of sales and services		4,658,022	3,549,035	4,347,183	3,478,534
Selling expenses		89,010	75,017	100,465	98,135
Administrative expenses		154,481	147,223	140,409	133,126
Total expenses		4,901,513	3,771,275	4,588,057	3,709,795
Profit before finance cost and income tax expenses		142,209	111,261	138,927	174,784
Finance cost		(25,764)	(18,242)	(24,439)	(17,869)
Profit before income tax expenses		116,445	93,019	114,488	156,915
Income tax expenses	9	(21,384)	(20,220)	(14,174)	(9,576)
Profit for the period		95,061	72,799	100,314	147,339
Other comprehensive income:					
<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)
Other comprehensive income for the period		-	385,282	-	385,282
Total comprehensive income for the period		95,061	458,081	100,314	532,621
Earnings per share					
	10				
Basic earnings per share					
Profit for the period		0.14	0.11	0.15	0.22

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 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	116,445	93,019	114,488	156,915
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	64,576	60,940	59,699	55,930
Bad debts	455	8,420	455	4,797
Allowance for doubtful accounts (reversal)	2,862	(8,895)	1,460	(4,933)
Reduction of inventory cost to net realisable value (reversal)	(1,970)	15,983	(1,970)	15,983
Reversal of allowance for impairment of advance for raw material	-	(5,279)	-	(5,279)
Loss on write-off/disposals of equipment	262	169	286	169
Provision for long-term employee benefits	3,194	1,591	2,873	1,287
Deferred rental expenses	291	-	291	-
Unrealised loss on exchange	214	249	214	249
Dividend income	-	-	(37,015)	(116,415)
Interest income	(831)	(1,062)	(580)	(812)
Interest expenses	24,736	16,792	23,567	16,792
Profit from operating activities before changes in operating assets and liabilities	210,234	181,927	163,768	124,683
Operating assets (increase) decrease				
Trade and other receivables	(278,407)	(231,139)	(143,372)	(190,266)
Inventories	(219,521)	(202,765)	(180,555)	(211,114)
Advance for raw material	11,649	88,742	425	98,022
Other current assets	3,849	(10,678)	11,677	(10,478)
Operating liabilities increase (decrease)				
Trade and other payables	103,055	750	94,117	(7,456)
Other current liabilities	1,992	(7,427)	(3,657)	(8,118)
Cash flows used in operating activities	(167,149)	(180,590)	(57,597)	(204,727)
Cash paid for interest expenses	(25,505)	(15,366)	(24,336)	(15,366)
Cash paid for corporate income tax	(50,022)	(33,423)	(38,661)	(25,440)
Net cash flows used in operating activities	(242,676)	(229,379)	(120,594)	(245,533)

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(28,884)	(56,674)	(28,216)	(56,579)
Acquisition of intangible assets	(1,512)	(2,055)	(1,512)	(2,055)
Increase in investment in a subsidiary	-	-	-	(99,000)
Interest income	830	1,062	579	812
Dividend income	-	-	-	98,940
Proceeds from sales of equipment	47	-	24	-
Net cash flows used in investing activities	<u>(29,519)</u>	<u>(57,667)</u>	<u>(29,125)</u>	<u>(57,882)</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	486,770	991,142	414,314	991,142
Dividend paid	(257,399)	(653,465)	(257,393)	(653,400)
Net cash flows from financing activities	<u>229,371</u>	<u>337,677</u>	<u>156,921</u>	<u>337,742</u>
Net increase (decrease) in cash and cash equivalents	(42,824)	50,631	7,202	34,327
Cash and cash equivalents at beginning of period	475,115	445,932	277,419	294,716
Cash and cash equivalents at end of period	<u>432,291</u>	<u>496,563</u>	<u>284,621</u>	<u>329,043</u>
	-	-	-	-
Supplemental cash flows information:				
Non-cash transaction				
Acquisition of building and equipment for which no cash has been paid	5,458	16,187	4,451	15,333

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated 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	
Balance as at 1 January 2017	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
Total comprehensive income for the period	-	-	-	-	72,799	385,282	458,081
Dividend paid (Note 11)	-	-	-	-	(653,465)	-	(653,465)
Balance as at 30 June 2017	<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>
Balance as at 1 January 2018	660,000	514,845	1,011	67,000	953,079	385,282	2,581,217
Profit for the period	-	-	-	-	95,061	-	95,061
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	95,061	-	95,061
Dividend paid (Note 11)	-	-	-	-	(257,399)	-	(257,399)
Balance as at 30 June 2018	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>790,741</u>	<u>385,282</u>	<u>2,418,879</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 2018

(Unit: Thousand Baht)

	Separate financial statements						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	
Balance as at 1 January 2017	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
Total comprehensive income for the period	-	-	-	-	147,339	385,282	532,621
Dividend paid (Note 11)	-	-	-	-	(653,400)	-	(653,400)
Balance as at 30 June 2017	<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>
Balance as at 1 January 2018	660,000	514,845	1,011	67,000	688,255	385,282	2,316,393
Profit for the period	-	-	-	-	100,314	-	100,314
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	100,314	-	100,314
Dividend paid (Note 11)	-	-	-	-	(257,393)	-	(257,393)
Balance as at 30 June 2018	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>531,176</u>	<u>385,282</u>	<u>2,159,314</u>

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

Pacific Pipe Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2018

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 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 2017. There has been no change in the composition of the Group during the current period.

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 2017.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	378.0	817.3	Reference to market price
Purchases of goods	-	-	9.9	-	Reference to market price
Rental income	-	-	0.2	0.1	Contract price
Service income	-	-	0.3	0.2	Contract price
Commission paid	-	-	-	16.0	Contract price
Transportation expenses	-	-	33.2	28.5	Reference to market price
Dividend income	-	-	37.0	116.4	As declared
<u>Transactions with related party</u>					
Office rental and service expenses	1.1	1.1	0.4	-	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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	837.0	1,698.3	Reference to market price
Purchases of goods	-	-	10.3	-	Reference to market price
Rental income	-	-	0.4	0.3	Contract price
Service income	-	-	0.9	0.4	Contract price
Commission paid	-	-	16.8	33.6	Contract price
Transportation expenses	-	-	67.3	54.3	Reference to market price
Dividend income	-	-	37.0	116.4	As declared
<u>Transactions with related party</u>					
Office rental and service expenses	2.2	2.2	0.4	-	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 2018 and 31 December 2017 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade receivables - related party (Note 3)</u>				
Tamose Trading Company Limited	-	-	161,506	289,335
Total trade receivables - related party	-	-	161,506	289,335
<u>Other receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	2,573	4,506
Meesup Transport Company Limited	-	-	63	-
Total other receivables - related parties	-	-	2,636	4,506
<u>Dividend receivable from subsidiaries</u>				
Tamose Trading Company Limited	-	-	20,000	-
Meesup Transport Company Limited	-	-	17,015	-
Total dividend receivable from subsidiaries	-	-	37,015	-
<u>Trade payables - related party (Note 7)</u>				
Tamose Trading Company Limited	-	-	10,002	-
Total trade payables - related party	-	-	10,002	-
<u>Other payables - related parties (Note 7)</u>				
Tamose Trading Company Limited	-	-	3,844	9,317
Meesup Transport Company Limited	-	-	6,414	3,595
Total other payables - related parties	-	-	10,258	12,912

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, 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 ended 30 June		For the six-month periods ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	10,682	11,760	21,338	23,485
Post-employment benefits	272	259	544	519
Total	10,954	12,019	21,882	24,004

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 12.3 to the financial statements.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	161,494	212,039
Past due				
Up to 3 months	-	-	12	77,296
Total trade receivables - related party (Note 2)	-	-	161,506	289,335
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	964,965	682,145	626,887	333,596
Past due				
Up to 3 months	215,486	225,399	97,401	117,952
3 - 6 months	11,845	9,368	5,650	5,038
6 - 12 months	5,346	2,040	1,899	1,939
Over 12 months	7,727	7,803	5,521	5,556
Total	1,205,369	926,755	737,358	464,081
Less: Allowance for doubtful debts	(11,061)	(8,199)	(7,246)	(5,787)
Total trade receivables - unrelated parties, net	1,194,308	918,556	730,112	458,294
Total trade receivables - net	1,194,308	918,556	891,618	747,629
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	2,636	4,506
Total other receivables	-	-	2,636	4,506
Total trade and other receivables - net	1,194,308	918,556	894,254	752,135

(Unaudited but reviewed)

6. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
Short-term loans from financial institutions	2.22 - 2.45	2,307,648	1,722,504	2,180,061	1,667,373
Trust receipt	2.60 - 3.95	76,314	173,886	76,314	173,886
		<u>2,383,962</u>	<u>1,896,390</u>	<u>2,256,375</u>	<u>1,841,259</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.

7. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade payables - related party (Note 7)	-	-	10,002	-
Trade payables - unrelated parties	163,031	38,066	115,216	11,034
Other payables - related parties (Note 2)	-	-	10,258	12,912
Other payables - unrelated parties	52,569	49,138	47,433	45,830
Accrued expenses	38,055	58,633	29,335	44,595
Total trade and other payables	<u>253,655</u>	<u>145,837</u>	<u>212,244</u>	<u>114,371</u>

8. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	33,169	26,053
Add: Recognition during the period	3,194	2,873
Balance as at 30 June 2018	<u>36,363</u>	<u>28,926</u>

9. Income tax

Income tax for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	1,772	(6,947)	(1,433)	(11,817)
Adjustment in respect of income tax of previous year	(111)	(1,024)	(111)	(1,003)
Deferred tax:				
Relating to origination and reversal of temporary differences	(848)	172	(567)	164
Income tax expenses (benefits) reported in the statements of comprehensive income	<u>813</u>	<u>(7,799)</u>	<u>(2,111)</u>	<u>(12,656)</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	22,090	20,768	14,536	10,835
Adjustment in respect of income tax of previous year	(111)	(1,024)	(111)	(1,003)
Deferred tax:				
Relating to origination and reversal of temporary differences	(595)	476	(251)	(256)
Income tax expenses reported in the statements of comprehensive income	<u>21,384</u>	<u>20,220</u>	<u>14,174</u>	<u>9,576</u>

10. Earnings per share

Basic earnings (loss) 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.

11. Dividend

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (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
Final dividend for 2017	Annual General Meeting of the shareholders on 27 April 2018	257.4	0.39
Total for 2018		257.4	0.39

12. Commitments and contingent liabilities**12.1 Letters of credit**

As at 30 June 2018, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 2.6 million (31 December 2017: USD 0.1 million).

12.2 Operating lease commitments

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of land, office building 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 2018	31 December 2017	30 June 2018	31 December 2017
Payable:				
In up to 1 year	9.6	9.4	2.5	3.4
In over 1 and up to 5 years	22.5	24.4	2.2	1.7
In over 5 years	23.3	26.2	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	Related parties		Unrelated parties	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Payable:				
In up to 1 year	9.6	5.1	0.8	2.3
In over 1 and up to 5 years	22.5	21.9	-	-
In over 5 years	23.3	26.0	-	-

12.3 Guarantees

- (1) As at 30 June 2018, there were outstanding bank guarantees of approximately Baht 16 million (31 December 2017: Baht 16 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 2018	31 December 2017
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 2017: Baht 1 million).
- (3) The Company guarantees bank credit facility of its subsidiary company amounting to Baht 6 million (31 December 2017: Baht 6 million).

13. 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.

14. Foreign currency risk

As at 30 June 2018 and 31 December 2017, the Company and its subsidiary 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	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.83	0.26	1.46	3.69	33.0862	32.5987
Euro	-	-	0.77	1.38	38.3407	38.8704

As at 30 June 2018 and 31 December 2017, the Company and its subsidiary has no outstanding balances of forward foreign exchange contracts.

15. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 August 2018.