

Pacific Pipe Public Company Limited and its subsidiaries
Review report and consolidated interim financial statements
For the three-month period ended 31 March 2019

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 31 March 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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: 10 May 2019

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		378,251	379,004	258,891	255,594
Current investment	3	50,007	-	50,007	-
Trade and other receivables	4	1,215,586	1,025,855	889,366	674,221
Inventories	5	1,499,775	1,501,568	1,455,835	1,434,773
Advance for raw material		109,091	100,602	109,091	94,203
Other current financial assets		9,927	17,402	1,156	893
Other current assets		12,043	5,907	10,882	5,221
Total current assets		3,274,680	3,030,338	2,775,228	2,464,905
Non-current assets					
Investments in subsidiaries		-	-	110,996	110,996
Property, plant and equipment	6	1,849,513	1,852,586	1,804,747	1,805,244
Intangible assets		27,153	28,113	27,141	28,100
Deferred tax assets		4,316	3,077	-	-
Other non-current assets		1,178	645	76	64
Total non-current assets		1,882,160	1,884,421	1,942,960	1,944,404
Total assets		5,156,840	4,914,759	4,718,188	4,409,309

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 31 March 2019

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	7	2,337,161	2,192,584	2,223,000	2,029,178
Trade and other payables	8	148,091	115,459	148,714	80,003
Income tax payable		10,728	5,056	3,004	-
Other current liabilities		47,746	32,945	24,483	16,215
Total current liabilities		<u>2,543,726</u>	<u>2,346,044</u>	<u>2,399,201</u>	<u>2,125,396</u>
Non-current liabilities					
Deferred tax liabilities		118,824	114,658	118,824	114,658
Provision for long-term employee benefits	9	31,987	31,050	29,304	28,494
Deferred rental		2,613	2,531	2,613	2,531
Total non-current liabilities		<u>153,424</u>	<u>148,239</u>	<u>150,741</u>	<u>145,683</u>
Total liabilities		<u>2,697,150</u>	<u>2,494,283</u>	<u>2,549,942</u>	<u>2,271,079</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 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (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	831,552	792,338	540,108	510,092
Other components of shareholders' equity	385,282	385,282	385,282	385,282
Total shareholders' equity	2,459,690	2,420,476	2,168,246	2,138,230
Total liabilities and shareholders' equity	5,156,840	4,914,759	4,718,188	4,409,309
	-	-	-	-

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 31 March 2019

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit or loss:					
Revenues					
Sales and service income		2,443,079	2,511,166	2,234,461	2,356,081
Exchange gain		1	4,528	1	4,572
Other income		48,663	67,790	47,427	64,959
Total revenues		2,491,743	2,583,484	2,281,889	2,425,612
Expenses					
Cost of sales and services		2,304,098	2,340,916	2,117,423	2,201,750
Selling and distribution expenses		47,375	43,544	46,998	55,512
Administrative expenses		77,326	79,099	67,190	71,967
Total expenses		2,428,799	2,463,559	2,231,611	2,329,229
Profit before finance cost					
and income tax expenses		62,944	119,925	50,278	96,383
Finance cost		(14,198)	(12,115)	(12,874)	(11,526)
Profit before income tax expenses		48,746	107,810	37,404	84,857
Income tax expenses	10	(9,532)	(20,571)	(7,388)	(16,285)
Profit for the period		39,214	87,239	30,016	68,572
Other comprehensive income for the period					
		-	-	-	-
Total comprehensive income for the period		39,214	87,239	30,016	68,572
Earnings per share					
	11				
Basic earnings per share					
Profit for the period		0.06	0.13	0.05	0.10

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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	48,746	107,810	37,404	84,857
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	33,233	31,732	30,955	29,315
Bad debts	913	-	395	-
Allowance for doubtful accounts (reversal)	6,409	152	-	(2)
Reversal of reduction of inventory cost to net realisable value	(22,750)	(2,300)	(22,407)	(2,300)
Loss on write-off/disposals of equipment	-	18	-	18
Provision for long-term employee benefits	937	1,597	810	1,436
Deferred rental expenses	82	145	82	145
Unrealised (gain) loss on exchange	62	(1,545)	62	(1,571)
Interest income	(7)	(5)	(6)	(4)
Interest expenses	13,729	11,619	12,461	11,130
Profit from operating activities before changes in operating assets and liabilities	81,354	149,223	59,756	123,024
Operating assets (increase) decrease				
Trade and other receivables	(197,053)	(200,766)	(215,539)	(123,289)
Inventories	24,543	(109,304)	1,345	(52,222)
Advance for raw material	(8,490)	(87,263)	(14,889)	(92,372)
Other current assets	808	432	(5,935)	1,279
Operating liabilities increase (decrease)				
Trade and other payables	26,871	108,698	62,950	106,174
Other current liabilities	14,801	3,428	8,269	(5,227)
Cash flows used in operating activities	(57,166)	(135,552)	(104,043)	(42,633)
Cash paid for interest expenses	(13,003)	(12,551)	(11,734)	(12,062)
Cash paid for corporate income tax	(932)	(1,885)	(218)	(854)
Net cash flows used in operating activities	(71,101)	(149,988)	(115,995)	(55,549)

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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Increase in current investment	(50,007)	-	(50,007)	-
Acquisition of plant and equipment	(24,166)	(7,952)	(24,467)	(7,874)
Interest income	6	5	5	4
Proceeds from sales of equipment	-	5	-	5
Net cash flows used in investing activities	(74,167)	(7,942)	(74,469)	(7,865)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	144,515	158,379	193,761	99,783
Net cash flows from financing activities	144,515	158,379	193,761	99,783
Net increase (decrease) in cash and cash equivalents	(753)	449	3,297	36,369
Cash and cash equivalents at beginning of period	379,004	475,115	255,594	277,419
Cash and cash equivalents at end of period	378,251	475,564	258,891	313,788
	-		-	
Supplemental cash flows information:				
Non-cash transaction				
Acquisition of building and equipment for which no cash has been paid	5,034	5,248	5,034	5,208
Acquisition of intangible assets for which no cash has been paid	-	1,512	-	1,512
Transfer equipment to intangible assets	606	-	606	-

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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements

	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income	shareholders' equity
						Surplus on revaluation of assets	
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	-	-	-	-	87,239	-	87,239
Total comprehensive income for the period	-	-	-	-	87,239	-	87,239
Balance as at 31 March 2018	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,040,318</u>	<u>385,282</u>	<u>2,668,456</u>
Balance as at 1 January 2019	660,000	514,845	1,011	67,000	792,338	385,282	2,420,476
Profit for the period	-	-	-	-	39,214	-	39,214
Total comprehensive income for the period	-	-	-	-	39,214	-	39,214
Balance as at 31 March 2019	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>831,552</u>	<u>385,282</u>	<u>2,459,690</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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Separate financial statements						Total shareholders' equity
	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Retained earnings Appropriated - statutory reserve	Unappropriated	Other components of equity Other comprehensive income Surplus on revaluation of assets	
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	-	-	-	-	68,572	-	68,572
Total comprehensive income for the period	-	-	-	-	68,572	-	68,572
Balance as at 31 March 2018	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>756,827</u>	<u>385,282</u>	<u>2,384,965</u>
Balance as at 1 January 2019	660,000	514,845	1,011	67,000	510,092	385,282	2,138,230
Profit for the period	-	-	-	-	30,016	-	30,016
Total comprehensive income for the period	-	-	-	-	30,016	-	30,016
Balance as at 31 March 2019	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>540,108</u>	<u>385,282</u>	<u>2,168,246</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 period ended 31 March 2019

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 2018. 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 period

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on 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 2018. The additional accounting policy is summarised below.

Investment

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of those securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.

The fair value of the investment unit is calculated by using the net asset value of the investment unit announced by the asset management company.

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 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	355.7	459.0	Reference to market price
Purchases of goods	-	-	5.0	0.4	Reference to market price
Purchase of vehicle	-	-	0.3	-	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.6	Contract price
Commission paid	-	-	-	16.8	Contract price
Transportation expenses	-	-	35.7	34.1	Reference to market price
<u>Transactions with related companies</u>					
Office rental and service expenses	1.1	1.1	1.0	-	Contract price
Land rental expenses	1.3	1.2	1.3	1.2	Contract price

The balances of the accounts as at 31 March 2019 and 31 December 2018 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related party (Note 4)</u>				
Tamose Trading Company Limited	-	-	87,754	185,345
Total trade receivables - related party	-	-	87,754	185,345
<u>Other receivables - related parties (Note 4)</u>				
Tamose Trading Company Limited	-	-	186	1,430
Meesup Transport Company Limited	-	-	32	-
Total other receivables - related parties	-	-	218	1,430

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade payables - related party (Note 8)</u>				
Tamose Trading Company Limited	-	-	3,333	2,248
Total trade payables - related party	-	-	3,333	2,248
<u>Other payables - related parties (Note 8)</u>				
Tamose Trading Company Limited	-	-	2,259	2,609
Meesup Transport Company Limited	-	-	6,812	3,688
Total other payables - related parties	-	-	9,071	6,297

Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	9,378	10,656
Post-employment benefits	242	272
Total	9,620	10,928

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. Current investment

As at 31 March 2019, the Company has investment in mutual funds of Baht 50 million. The investment is available-for-sale securities which are measured at fair value at level 2, using other observable inputs for such assets or liabilities, whether directly or indirectly.

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	87,504	155,706
Past due				
Up to 3 months	-	-	83	29,472
3 - 6 Months	-	-	-	155
6 - 12 Months	-	-	167	12
Total trade receivables - related party (Note 2)	-	-	87,754	185,345
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	921,061	723,986	670,848	362,917
Past due				
Up to 3 months	250,695	263,226	120,035	113,437
3 - 6 months	18,259	20,783	7	1,780
6 - 12 months	37,222	29,231	11,696	13,785
Over 12 months	17,861	11,732	9,724	6,443
Total	1,245,098	1,048,958	812,310	498,362
Less: Allowance for doubtful debts	(29,512)	(23,103)	(10,916)	(10,916)
Total trade receivables - unrelated parties, net	1,215,586	1,025,855	801,394	487,446
Total trade receivables - net	1,215,586	1,025,855	889,148	672,791
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	218	1,430
Total other receivables	-	-	218	1,430
Total trade and other receivables - net	1,215,586	1,025,855	889,366	674,221

5. Inventories

Movements of the reduce cost of inventory to net realisable value account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	27,266	26,625
Reversal of reduction of inventory cost to net realisable value during the period	(22,750)	(22,407)
Balance as at 31 March 2019	<u>4,516</u>	<u>4,218</u>

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2019 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
Net book value as at 1 January 2019	741,462	1,111,124	741,462	1,063,782
Acquisitions during the period	-	29,200	-	29,500
Transfer out during the period	-	(606)	-	(606)
Depreciation for the period	-	(31,667)	-	(29,391)
Net book value as at 31 March 2019	<u>741,462</u>	<u>1,108,051</u>	<u>741,462</u>	<u>1,063,285</u>

7. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(Percent per annum)		financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Short-term loans from						
financial institutions	2.17 - 2.50	2.24 - 2.49	2,306,953	2,188,644	2,192,792	2,025,238
Trust receipt	2.97 - 3.95	3.47 - 3.95	30,208	3,940	30,208	3,940
			<u>2,337,161</u>	<u>2,192,584</u>	<u>2,223,000</u>	<u>2,029,178</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	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade payables - related party (Note 2)	-	-	3,333	2,248
Trade payables - unrelated parties	69,495	41,687	65,616	6,393
Other payables - related parties (Note 2)	-	-	9,071	6,297
Other payables - unrelated parties	45,395	41,971	42,227	40,059
Accrued expenses	33,201	31,801	28,467	25,006
Total trade and other payables	<u>148,091</u>	<u>115,459</u>	<u>148,714</u>	<u>80,003</u>

9. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	31,050	28,494
Add: Recognition during the period	937	810
Balance as at 31 March 2019	<u>31,987</u>	<u>29,304</u>

10. Income tax

Income tax for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	6,605	20,318	3,222	15,969
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>2,927</u>	<u>253</u>	<u>4,166</u>	<u>316</u>
Income tax expenses reported in the statements of comprehensive income	<u>9,532</u>	<u>20,571</u>	<u>7,388</u>	<u>16,285</u>

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

As at 31 March 2019, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 2.2 million (31 December 2018: USD 0.7 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.

(Unaudited but reviewed)

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	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	6.2	9.5	1.7	1.7
In over 1 and up to 5 years	22.7	22.5	0.6	1.4
In over 5 years	18.9	20.4	-	-

(Unit: Million Baht)

	Separate financial statements			
	Related parties		Unrelated parties	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	6.2	9.4	-	-
In over 1 and up to 5 years	22.7	22.5	-	-
In over 5 years	18.9	20.4	-	-

12.3 Guarantees

- (1) As at 31 March 2019, there were outstanding bank guarantees of approximately Baht 16 million (31 December 2018: 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)

	31 March 2019	31 December 2018
Guarantee electricity use	15	15
Guarantee as an AEO authorised importer and / or exporter to the Customs Department	1	1

- (2) As at 31 March 2019, the Company guarantees credit card facility of its subsidiary company amounting to Baht 1 million (31 December 2018: Baht 1 million).
- (3) As at 31 March 2019, the Company guarantees bank credit facility of its subsidiary company amounting to Baht 6 million (31 December 2018: 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 31 March 2019 and 31 December 2018, 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:

	Financial assets		Financial liabilities		Average exchange rate	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Foreign currency	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	0.79	0.12	31.7270	32.3640

As at 31 March 2019 and 31 December 2018, the Company and its subsidiary has no outstanding balances of forward foreign exchange contracts.

15. Events after the reporting period**15.1 Dividend payment**

On 25 April 2019, the 2019 Annual General Meeting of the Company's shareholders approved the payment of dividend to its shareholders of Baht 0.05 per share, a total of Baht 33 million, which is to be paid in May 2019. This dividend will be recorded in the second quarter of the current year.

15.2 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 9.2 million (The Company only: Baht 8.6 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as

expenses in profit or loss of the period in which the law is effective, which is the second quarter of 2019.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 May 2019.