

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 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 30 June 2019, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, 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*.

Wato Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 13 August 2019

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

**Statement of financial position**

**As at 30 June 2019**

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>30 June 2019</u>	<u>31 December 2018</u>	<u>30 June 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		468,606	379,004	253,778	255,594
Trade and other receivables	3	1,230,925	1,025,855	1,103,588	674,221
Unbilled receivable		16,726	-	16,726	-
Dividend receivable from subsidiaries	2	-	-	149,782	-
Inventories	4	1,761,329	1,501,568	1,756,946	1,434,773
Advance for raw material		7,457	100,602	7,457	94,203
Other current financial assets		9,802	17,402	1,418	893
Other current assets		18,517	5,907	17,286	5,221
<b>Total current assets</b>		<b>3,513,362</b>	<b>3,030,338</b>	<b>3,306,981</b>	<b>2,464,905</b>
<b>Non-current assets</b>					
Investments in subsidiaries		-	-	110,996	110,996
Property, plant and equipment	5	1,831,290	1,852,586	1,788,264	1,805,244
Intangible assets		26,068	28,113	26,057	28,100
Deferred tax assets		5,225	3,077	-	-
Other non-current assets		1,179	645	77	64
<b>Total non-current assets</b>		<b>1,863,762</b>	<b>1,884,421</b>	<b>1,925,394</b>	<b>1,944,404</b>
<b>Total assets</b>		<b>5,377,124</b>	<b>4,914,759</b>	<b>5,232,375</b>	<b>4,409,309</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 June 2019**

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>30 June 2019</u>	<u>31 December 2018</u>	<u>30 June 2019</u>	<u>31 December 2018</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	6	2,522,636	2,192,584	2,522,636	2,029,178
Trade and other payables	7	175,890	115,459	200,323	80,003
Income tax payable		19,654	5,056	16,118	-
Other current liabilities		38,883	32,945	18,715	16,215
<b>Total current liabilities</b>		<b>2,757,063</b>	<b>2,346,044</b>	<b>2,757,792</b>	<b>2,125,396</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		113,714	114,658	113,714	114,658
Provision for long-term employee benefits	8	42,172	31,050	40,043	28,494
Deferred rental		2,695	2,531	2,695	2,531
<b>Total non-current liabilities</b>		<b>158,581</b>	<b>148,239</b>	<b>156,452</b>	<b>145,683</b>
<b>Total liabilities</b>		<b>2,915,644</b>	<b>2,494,283</b>	<b>2,914,244</b>	<b>2,271,079</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 June 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>30 June 2019</u>	<u>31 December 2018</u>	<u>30 June 2019</u>	<u>31 December 2018</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				
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	833,342	792,338	689,993	510,092
Other components of shareholders' equity	<u>385,282</u>	<u>385,282</u>	<u>385,282</u>	<u>385,282</u>
<b>Total shareholders' equity</b>	<u>2,461,480</u>	<u>2,420,476</u>	<u>2,318,131</u>	<u>2,138,230</u>
<b>Total liabilities and shareholders' equity</b>	<u>5,377,124</u>	<u>4,914,759</u>	<u>5,232,375</u>	<u>4,409,309</u>
	-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

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

**Statement of comprehensive income**

**For the three-month period ended 30 June 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>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	2,423,775	2,402,708	2,405,701	2,210,628
Exchange gain		608	-	608	-
Dividend income	2	-	-	149,782	37,015
Other income		51,627	57,579	50,742	53,804
<b>Total revenues</b>		<u>2,476,010</u>	<u>2,460,287</u>	<u>2,606,833</u>	<u>2,301,447</u>
<b>Expenses</b>					
Cost of sales and services		2,279,112	2,317,106	2,266,773	2,145,433
Selling and distribution expenses		45,626	45,466	48,154	44,953
Administrative expenses		92,089	75,382	83,561	68,442
Exchange loss		-	49	-	75
<b>Total expenses</b>		<u>2,416,827</u>	<u>2,438,003</u>	<u>2,398,488</u>	<u>2,258,903</u>
<b>Profit before finance cost and income tax</b>		59,183	22,284	208,345	42,544
Finance cost		(14,836)	(13,649)	(14,789)	(12,913)
<b>Profit before income tax</b>		44,347	8,635	193,556	29,631
Income tax benefits (expenses)	9	(9,539)	(813)	(9,623)	2,111
<b>Profit for the period</b>		<u>34,808</u>	<u>7,822</u>	<u>183,933</u>	<u>31,742</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses		-	-	(1,310)	-
Less: Income tax effect		-	-	262	-
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>(1,048)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>34,808</u>	<u>7,822</u>	<u>182,885</u>	<u>31,742</u>
<b>Earnings per share</b>					
	10				
Basic earnings per share					
Profit for the period		<u>0.05</u>	<u>0.01</u>	<u>0.28</u>	<u>0.05</u>

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

(Unaudited but reviewed)

**Pacific Pipe Public Company Limited and its subsidiaries****Statement of comprehensive income****For the six-month period ended 30 June 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>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	2	4,866,854	4,913,874	4,640,162	4,566,709
Exchange gain		609	4,479	609	4,497
Dividend income	2	-	-	149,782	37,015
Other income		100,290	125,369	98,169	118,763
<b>Total revenues</b>		<b>4,967,753</b>	<b>5,043,722</b>	<b>4,888,722</b>	<b>4,726,984</b>
<b>Expenses</b>					
Cost of sales and services		4,583,210	4,658,022	4,384,196	4,347,183
Selling and distribution expenses		93,001	89,010	95,152	100,465
Administrative expenses		169,415	154,481	150,751	140,409
<b>Total expenses</b>		<b>4,845,626</b>	<b>4,901,513</b>	<b>4,630,099</b>	<b>4,588,057</b>
<b>Profit before finance cost and income tax expenses</b>		<b>122,127</b>	<b>142,209</b>	<b>258,623</b>	<b>138,927</b>
Finance cost		(29,034)	(25,764)	(27,663)	(24,439)
<b>Profit before income tax expenses</b>		<b>93,093</b>	<b>116,445</b>	<b>230,960</b>	<b>114,488</b>
Income tax expenses	9	(19,071)	(21,384)	(17,011)	(14,174)
<b>Profit for the period</b>		<b>74,022</b>	<b>95,061</b>	<b>213,949</b>	<b>100,314</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses		-	-	(1,310)	-
Less: Income tax effect		-	-	262	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(1,048)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>74,022</b>	<b>95,061</b>	<b>212,901</b>	<b>100,314</b>
<b>Earnings per share</b>					
10					
Basic earnings per share					
Profit for the period		0.11	0.14	0.32	0.15

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 2019**

(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		
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income		Total shareholders' equity
						Surplus on revaluation of assets		
<b>Balance as at 1 January 2018</b>	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	-	-	-	-	-	-	-	
<b>Total comprehensive income for the period</b>	-	-	-	-	95,061	-	95,061	
Dividend paid (Note 11)	-	-	-	-	(257,399)	-	(257,399)	
<b>Balance as at 30 June 2018</b>	<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>	
<b>Balance as at 1 January 2019</b>	660,000	514,845	1,011	67,000	792,338	385,282	2,420,476	
Profit for the period	-	-	-	-	74,022	-	74,022	
Other comprehensive income for the period	-	-	-	-	-	-	-	
<b>Total comprehensive income for the period</b>	-	-	-	-	74,022	-	74,022	
Dividend paid (Note 11)	-	-	-	-	(33,018)	-	(33,018)	
<b>Balance as at 30 June 2019</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>833,342</u>	<u>385,282</u>	<u>2,461,480</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 2019**

(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	
<b>Balance as at 1 January 2018</b>	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	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	100,314	-	100,314
Dividend paid (Note 11)	-	-	-	-	(257,393)	-	(257,393)
<b>Balance as at 30 June 2018</b>	<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>
<b>Balance as at 1 January 2019</b>	660,000	514,845	1,011	67,000	510,092	385,282	2,138,230
Profit for the period	-	-	-	-	213,949	-	213,949
Other comprehensive income for the period	-	-	-	-	(1,048)	-	(1,048)
<b>Total comprehensive income for the period</b>	-	-	-	-	212,901	-	212,901
Dividend paid (Note 11)	-	-	-	-	(33,000)	-	(33,000)
<b>Balance as at 30 June 2019</b>	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>689,993</u>	<u>385,282</u>	<u>2,318,131</u>

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

(Unaudited but reviewed)

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

**Cash flow statement**

**For the six-month period ended 30 June 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>
<b>Cash flows from operating activities</b>				
Profit before tax	93,093	116,445	230,960	114,488
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	66,646	64,576	62,054	59,699
Bad debts	913	455	395	455
Allowance for doubtful accounts	13,094	2,862	1,335	1,460
Reversal of reduction of inventory cost to net realisable value	(8,443)	(1,970)	(7,852)	(1,970)
Reversal of allowance for impairment of advance for raw material	(1,305)	-	(1,305)	-
Loss on write-off/disposals of equipment	487	262	-	286
Provision for long-term employee benefits	11,121	3,194	10,239	2,873
Deferred rental expenses	164	291	164	291
Unrealised (gain) loss on exchange	(632)	214	(632)	214
Dividend income	-	-	(149,782)	(37,015)
Interest income	(580)	(831)	(393)	(580)
Interest expenses	28,068	24,736	26,778	23,567
Profit from operating activities before changes in operating assets and liabilities	202,626	210,234	171,961	163,768
Operating assets (increase) decrease				
Trade and other receivables	(219,078)	(278,407)	(431,097)	(143,372)
Unbilled receivable	(16,726)	-	(16,726)	-
Inventories	(251,318)	(219,521)	(314,322)	(180,555)
Advance for raw material	94,449	11,649	88,050	425
Other current assets	(5,542)	3,849	(12,600)	11,677
Operating liabilities increase (decrease)				
Trade and other payables	52,295	103,055	111,961	94,117
Other current liabilities	5,939	1,992	2,503	(3,657)
Cash flows used in operating activities	(137,355)	(167,149)	(400,270)	(57,597)
Cash paid for interest expenses	(27,263)	(25,505)	(25,752)	(24,336)
Cash paid for corporate income tax	(7,564)	(50,022)	(1,575)	(38,661)
<b>Net cash flows used in operating activities</b>	<b>(172,182)</b>	<b>(242,676)</b>	<b>(427,597)</b>	<b>(120,594)</b>

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

(Unaudited but reviewed)

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

**Cash flow statement (continued)**

**For the six-month period ended 30 June 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>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment	(36,460)	(28,884)	(35,700)	(28,216)
Acquisition of intangible assets	-	(1,512)	-	(1,512)
Interest income	578	830	391	579
Proceeds from sales of equipment	-	47	-	24
<b>Net cash flows used in investing activities</b>	<u>(35,882)</u>	<u>(29,519)</u>	<u>(35,309)</u>	<u>(29,125)</u>
<b>Cash flows from financing activities</b>				
Cash received from short-term loans from financial institutions	4,628,621	4,698,396	4,514,460	4,457,549
Cash paid for short-term loans from financial institutions	(4,297,937)	(4,211,626)	(4,020,370)	(4,043,235)
Dividend paid	(33,018)	(257,399)	(33,000)	(257,393)
<b>Net cash flows from financing activities</b>	<u>297,666</u>	<u>229,371</u>	<u>461,090</u>	<u>156,921</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>89,602</u>	<u>(42,824)</u>	<u>(1,816)</u>	<u>7,202</u>
Cash and cash equivalents at beginning of period	<u>379,004</u>	<u>475,115</u>	<u>255,594</u>	<u>277,419</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>468,606</u></u>	<u><u>432,291</u></u>	<u><u>253,778</u></u>	<u><u>284,621</u></u>
	-		-	
<b>Supplemental cash flows information:</b>				
Non-cash transaction				
Acquisition of building and equipment and intangible assets				
for which no cash has been paid	7,332	5,458	7,332	4,451

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 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.

##### **Revenue recognition**

###### *Revenue from contract*

Revenue from contract is recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the

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Company's and its subsidiaries' right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Company and its subsidiaries have received consideration from the customer is presented under the caption of "Deferred revenues" in the statement of financial position. Deferred revenues are recognised as revenue when the Company and its subsidiaries perform under the contract.

### 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 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	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	-	-	86.4	378.0	Reference to market price
Purchases of goods	-	-	28.4	9.9	Reference to market price
Rental income	-	-	0.2	0.2	Contract price
Service income	-	-	0.2	0.3	Contract price
Transportation expenses	-	-	35.2	33.2	Reference to market price
Dividend income	-	-	149.8	37.0	As declared
<u>Transactions with related party</u>					
Office rental and service expenses	1.1	1.1	1.1	0.4	Contract price
Land rental	1.3	1.2	1.3	1.2	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	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	-	-	442.1	837.0	Reference to market price
Purchases of goods	-	-	33.4	10.3	Reference to market price
Rental income	-	-	0.4	0.4	Contract price
Service income	-	-	0.4	0.9	Contract price
Commission paid	-	-	-	16.8	Contract price
Transportation expenses	-	-	70.9	67.3	Reference to market price
Dividend income	-	-	149.8	37.0	As declared
<u>Transactions with related party</u>					
Office rental and service expenses	2.2	2.2	2.1	0.4	Contract price
Land rental	2.6	2.4	2.6	2.4	Contract price

The balances of the accounts as at 30 June 2019 and 31 December 2018 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b><u>Trade receivables - related party (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	3,852	185,345
<b>Total trade receivables - related party</b>	-	-	3,852	185,345
<b><u>Other receivables - related parties (Note 3)</u></b>				
Tamose Trading Company Limited	-	-	5,049	1,430
Meesup Transport Company Limited	-	-	63	-
<b>Total other receivables - related parties</b>	-	-	5,112	1,430
<b><u>Dividend receivable from subsidiaries</u></b>				
Tamose Trading Company Limited	-	-	90,000	-
Meesup Transport Company Limited	-	-	59,782	-
<b>Total dividend receivable from subsidiaries</b>	-	-	149,782	-
<b><u>Trade payables - related party (Note 7)</u></b>				
Tamose Trading Company Limited	-	-	26,056	2,248
<b>Total trade payables - related party</b>	-	-	26,056	2,248

(Unit: Thousand Baht)

(Unaudited but reviewed)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b><u>Other payables - related parties (Note 7)</u></b>				
Tamose Trading Company Limited	-	-	1,404	2,609
Meesup Transport Company Limited	-	-	5,960	3,688
<b>Total other payables - related parties</b>	<b>-</b>	<b>-</b>	<b>7,364</b>	<b>6,297</b>

**Directors and management's benefits**

During the three-month and six-month periods ended 30 June 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			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	9,864	10,682	19,242	21,338
Post-employment benefits	242	272	484	544
<b>Total</b>	<b>10,106</b>	<b>10,954</b>	<b>19,726</b>	<b>21,882</b>

**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 2019	31 December 2018	30 June 2019	31 December 2018
<b><u>Trade receivables - related party</u></b>				
Aged on the basis of due dates				
Not yet due	-	-	3,516	155,706
Past due				
Up to 3 months	-	-	169	29,472
3 - 6 Months	-	-	-	155
6 - 12 Months	-	-	155	12
Over 12 Months	-	-	12	-
<b>Total trade receivables - related party (Note 2)</b>	<b>-</b>	<b>-</b>	<b>3,852</b>	<b>185,345</b>

**Trade receivables - unrelated parties**

Aged on the basis of due dates

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Not yet due	939,989	723,986	876,475	362,917
Past due				
Up to 3 months	245,621	263,226	211,673	113,437
3 - 6 months	18,340	20,783	75	1,780
6 - 12 months	30,706	29,231	2,087	13,785
Over 12 months	32,467	11,732	16,565	6,443
Total	1,267,123	1,048,958	1,106,875	498,362
Less: Allowance for doubtful debts	(36,198)	(23,103)	(12,251)	(10,916)
Total trade receivables - unrelated parties, net	1,230,925	1,025,855	1,094,624	487,446
Total trade receivables - net	1,230,925	1,025,855	1,098,476	672,791
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	5,112	1,430
Total other receivables	-	-	5,112	1,430
Total trade and other receivables - net	1,230,925	1,025,855	1,103,588	674,221

#### 4. Inventories

Movements of the reduce cost of inventory to net realisable value account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 1 January 2019</b>	27,266	26,625
Reversal of reduction of inventory cost to net realisable value during the period	(8,443)	(7,852)
<b>Balance as at 30 June 2019</b>	18,823	18,773

(Unaudited but reviewed)

## 5. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 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
<b>Net book value as at 1 January 2019</b>	741,462	1,111,124	741,462	1,063,782
Acquisitions during the period	-	43,786	-	43,026
Write-off during the period - net book value at write-off date	-	(487)	-	-
Transfer out during the period	-	(1,097)	-	(1,097)
Depreciation for the period	-	(63,498)	-	(58,909)
<b>Net book value as at 30 June 2019</b>	<b>741,462</b>	<b>1,089,828</b>	<b>741,462</b>	<b>1,046,802</b>

## 6. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(Percent per annum)		financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Short-term loans from financial institutions	2.30 - 2.56	2.24 - 2.49	2,484,204	2,188,644	2,484,204	2,025,238
Trust receipt	3.43	3.47 - 3.95	38,432	3,940	38,432	3,940
			<u>2,522,636</u>	<u>2,192,584</u>	<u>2,522,636</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.

(Unaudited but reviewed)

## 7. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Trade payables - related party (Note 2)	-	-	26,056	2,248
Trade payables - unrelated parties	74,247	41,687	71,339	6,393
Other payables - related parties (Note 2)	-	-	7,364	6,297
Other payables - unrelated parties	56,494	41,971	53,227	40,059
Accrued expenses	45,149	31,801	42,337	25,006
<b>Total trade and other payables</b>	<b>175,890</b>	<b>115,459</b>	<b>200,323</b>	<b>80,003</b>

## 8. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
<b>Balance as at 1 January 2019</b>	31,050	28,494
Recognition during the period	1,873	1,640
Past service costs	9,249	8,599
Transferred from the subsidiary during the period	-	1,310
<b>Balance as at 30 June 2019</b>	<b>42,172</b>	<b>40,043</b>

**9. Income tax**

Income tax for the three-month and six-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	15,552	1,772	14,460	(1,433)
Adjustment in respect of income tax of previous year	6	(111)	12	(111)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,019)	(848)	(4,849)	(567)
<b>Income tax expenses (benefits) reported in the statements of comprehensive income</b>	<u>9,539</u>	<u>813</u>	<u>9,623</u>	<u>(2,111)</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	22,157	22,090	17,682	14,536
Adjustment in respect of income tax of previous year	6	(111)	12	(111)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,092)	(595)	(683)	(251)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>19,071</u>	<u>21,384</u>	<u>17,011</u>	<u>14,174</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods end 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial losses	-	-	262	-
	-	-	262	-

(Unit: Thousand Baht)

	For the six-month periods end 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial losses	-	-	262	-
	-	-	262	-

## 10. 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.

## 11. Dividends

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
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
Final dividend for 2018	Annual General Meeting of the shareholders on 25 April 2019	33.0	0.05
Total for 2019		33.0	0.05

## 12. Commitments and contingent liabilities

### 12.1 Letters of credit

As at 30 June 2019, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 2.6 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.

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	31 December	30 June	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	9.5	9.5	1.0	1.7
In over 1 and up to 5 years	31.5	22.5	-	1.4
In over 5 years	17.3	20.4	-	-

(Unit: Million Baht)

	Separate financial statements			
	Related parties		Unrelated parties	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	9.4	9.4	1.0	-
In over 1 and up to 5 years	31.5	22.5	-	-
In over 5 years	17.3	20.4	-	-

**12.3 Guarantees**

- (1) As at 30 June 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)	
	30 June 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 30 June 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 30 June 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 and structural steels 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 2019 and 31 December 2018, the Company and its subsidiary has financial liabilities denominated in foreign currency which mature within one year and are unhedged for the foreign currency risk as follows:

	Financial liabilities		Average exchange rate	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Foreign currency	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.2	0.12	30.6578	32.3640

As at 30 June 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**

On 31 July 2019, the Company's Board of Directors meeting has passed resolution approved to propose the Extraordinary General Shareholders' meeting of Pacific Pipe Public Company Limited that will hold on 16 September 2019 to consider the entire business transfer of Tamose Trading Company Limited and Meesup Transport Company Limited that the Company hold 99.99 percent and 99.97 percent of shareholding, respectively.

**16. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2019.