

Pacific Pipe Public Company Limited
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pacific Pipe Public Company Limited

I have reviewed the accompanying statement of financial position of Pacific Pipe Public Company Limited (the Company) as at 30 September 2023, and the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). 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*.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 10 November 2023

Pacific Pipe Public Company Limited

Statement of financial position

As at 30 September 2023

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		236,211	253,134
Trade and other receivables	3	881,595	870,736
Inventories	4	1,255,226	1,234,452
Advance payments for raw material		162,487	226,300
Derivative assets		235	-
Other current assets		<u>36,933</u>	<u>22,147</u>
Total current assets		<u>2,572,687</u>	<u>2,606,769</u>
Non-current assets			
Property, plant and equipment	5	1,554,375	1,569,689
Intangible assets		23,545	28,535
Withholding tax refundable		10,414	10,414
Other non-current assets		<u>164</u>	<u>187</u>
Total non-current assets		<u>1,588,498</u>	<u>1,608,825</u>
Total assets		<u><u>4,161,185</u></u>	<u><u>4,215,594</u></u>

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

Pacific Pipe Public Company Limited
Statement of financial position (continued)
As at 30 September 2023

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	6	1,660,287	1,858,221
Trade and other payables	7	233,624	129,214
Current portion of lease liabilities		12,221	11,807
Other current liabilities		15,044	16,695
Total current liabilities		<u>1,921,176</u>	<u>2,015,937</u>
Non-current liabilities			
Lease liabilities - net of current portion		21,852	29,833
Deferred tax liabilities		104,087	97,616
Provision for long-term employee benefits		31,579	28,410
Total non-current liabilities		<u>157,518</u>	<u>155,859</u>
Total liabilities		<u>2,078,694</u>	<u>2,171,796</u>

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

Pacific Pipe Public Company Limited
Statement of financial position (continued)
As at 30 September 2023

(Unit: Thousand Baht)

	<u>30 September 2023</u>	<u>31 December 2022</u>
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
660,000,000 ordinary shares of Baht 1 each	<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
Share premium		
Share premium on ordinary shares	514,845	514,845
Surplus on treasury shares	1,011	1,011
Retained earnings		
Appropriated - statutory reserve	67,000	67,000
Unappropriated	423,471	408,780
Other components of shareholders' equity	<u>416,164</u>	<u>392,162</u>
Total shareholders' equity	<u>2,082,491</u>	<u>2,043,798</u>
Total liabilities and shareholders' equity	<u>4,161,185</u>	<u>4,215,594</u>
	-	-

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

.....

Directors

.....

(Unaudited but reviewed)

Pacific Pipe Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2023

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit or loss:			
Revenues			
Sales and service income		2,042,064	2,258,783
Gains on exchange		4,624	2,097
Other income		<u>20,507</u>	<u>16,250</u>
Total revenues		<u>2,067,195</u>	<u>2,277,130</u>
Expenses			
Cost of sales and services		1,985,060	2,352,494
Selling and distribution expenses		34,764	37,443
Administrative expenses		<u>62,515</u>	<u>82,942</u>
Total expenses		<u>2,082,339</u>	<u>2,472,879</u>
Operating loss		(15,144)	(195,749)
Finance income		2	2
Finance cost		<u>(12,628)</u>	<u>(9,092)</u>
Loss before income tax expenses		(27,770)	(204,839)
Income tax expenses	8	<u>(5,278)</u>	<u>(8,680)</u>
Loss for the period		<u>(33,048)</u>	<u>(213,519)</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(33,048)</u>	<u>(213,519)</u>
Loss per share			
Basic loss per share			
Loss for the period		<u>(0.05)</u>	<u>(0.32)</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited
Statement of comprehensive income
For the nine-month period ended 30 September 2023

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

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit or loss:			
Revenues			
Sales and service income		6,790,875	7,710,982
Gains on exchange		27,019	11,844
Gain on return of capital surplus from subsidiary	1.1	-	12,015
Other income		64,123	63,681
Total revenues		<u>6,882,017</u>	<u>7,798,522</u>
Expenses			
Cost of sales and services		6,531,443	7,750,424
Selling and distribution expenses		106,544	109,110
Administrative expenses		190,522	199,883
Total expenses		<u>6,828,509</u>	<u>8,059,417</u>
Operating profit (loss)		53,508	(260,895)
Finance income		327	225
Finance cost		(38,673)	(26,758)
Profit (loss) before income tax benefits (expenses)		15,162	(287,428)
Income tax benefits (expenses)	8	(471)	7,297
Profit (loss) for the period		<u>14,691</u>	<u>(280,131)</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Changes in surplus on revaluation of assets		30,002	-
Less: Income tax effect	8	(6,000)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		24,002	-
Other comprehensive income for the period		<u>24,002</u>	<u>-</u>
Total comprehensive income for the period		<u><u>38,693</u></u>	<u><u>(280,131)</u></u>
Earnings (loss) per share			
Basic earnings (loss) per share			
Profit (loss) for the period		<u>0.02</u>	<u>(0.42)</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2023

(Unit: Thousand Baht)

	Issued and fully paid-up share capital	Share 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 2022	660,000	514,845	1,011	67,000	1,281,893	392,162	2,916,911
Loss for the period	-	-	-	-	(280,131)	-	(280,131)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(280,131)	-	(280,131)
Dividend paid	-	-	-	-	(554,393)	-	(554,393)
Balance as at 30 September 2022	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>447,369</u>	<u>392,162</u>	<u>2,082,387</u>
Balance as at 1 January 2023	660,000	514,845	1,011	67,000	408,780	392,162	2,043,798
Loss for the period	-	-	-	-	14,691	-	14,691
Other comprehensive income for the period	-	-	-	-	-	24,002	24,002
Total comprehensive income for the period	-	-	-	-	14,691	24,002	38,693
Balance as at 30 September 2023	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>423,471</u>	<u>416,164</u>	<u>2,082,491</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited

Cash flow statement

For the nine-month period ended 30 September 2023

(Unit: Thousand Baht)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit (loss) before tax	15,162	(287,428)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	86,519	96,664
Expected credit losses (reversal)	(7,211)	10,267
Reduction of inventory cost to net realisable value (reversal)	(13,283)	9,588
Loss on disposals/write-off of equipment	1,081	263
Loss on impairment of building and equipment	-	14,428
Loss on write-off of intangible assets	1,274	-
Gain on revaluation of land	(313)	-
Long-term employee benefits expenses	3,169	3,299
Loss (gain) on fair value adjustments of derivatives	(235)	250
Gain on cancelled lease	(27)	-
Gain on return of capital surplus from subsidiary	-	(12,015)
Finance income	(327)	(225)
Interest expenses	38,363	26,491
Profit (loss) from operating activities before changes in operating assets and liabilities	124,172	(138,418)
Operating assets (increase) decrease		
Trade and other receivables	(3,647)	(46,599)
Inventories	(7,491)	1,159,007
Advance payments for raw material	63,813	(69,201)
Other current assets	(14,742)	4,197
Other non-current assets	23	233
Operating liabilities increase (decrease)		
Trade and other payables	97,692	25,496
Other current liabilities	(1,651)	8,446
Cash flows from operating activities	258,169	943,161
Interest received	326	222
Interest paid	(38,423)	(27,010)
Corporate income tax paid	(44)	(26,271)
Net cash flows from operating activities	<u>220,028</u>	<u>890,102</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited

Cash flow statement (continued)

For the nine-month period ended 30 September 2023

(Unit: Thousand Baht)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(30,250)	(12,823)
Acquisition of intangible assets	-	(573)
Proceeds from sales of equipment	89	177
Cash received from return of capital surplus from subsidiary	-	12,015
Net cash flows used in investing activities	<u>(30,161)</u>	<u>(1,204)</u>
Cash flows from financing activities		
Cash received from short-term loans from financial institutions	6,387,377	7,071,081
Cash paid for short-term loans from financial institutions	(6,585,311)	(7,521,879)
Payment of principal portion of lease liabilities	(8,856)	(7,705)
Dividend paid	-	(554,393)
Net cash flows used in financing activities	<u>(206,790)</u>	<u>(1,012,896)</u>
Net decrease in cash and cash equivalents	(16,923)	(123,998)
Cash and cash equivalents at beginning of period	<u>253,134</u>	<u>401,347</u>
Cash and cash equivalents at end of period	<u><u>236,211</u></u>	<u><u>277,349</u></u>

Supplemental cash flows information:

Non-cash transactions

Acquisition of plant and equipment for which no cash has been paid	6,778	2,751
Additions to right-of-use assets and lease liabilities	1,580	1,494

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

Pacific Pipe Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2023

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.

The consolidated financial statements for the nine-month period ended 30 September 2022 were prepared by incorporating the financial statements of the Company and its subsidiary company (Tamose Trading Company Limited) until 23 February 2022, which was the date the subsidiary was liquidated and returned its capital surplus of Baht 12 million to the Company, as described in Note 2.2 to the financial statements for the year 2022. Therefore, the Company's structure consisted of the Company only from 23 February 2022 onwards.

The Company therefore does not disclose the consolidated financial statements for the nine-month period ended 30 September 2022 because the consolidated financial statements present the same transactions and amounts as those included in the separate financial statements, except for the transaction of gain on return of capital surplus from subsidiary and related income tax expense, which are presented solely in the separate financial statements. As a result of this transaction, there is a difference of Baht 9.7 million of the total comprehensive income for the nine-month period ended 30 September 2022 between the consolidated financial statements and the separate financial statements.

1.2 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 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

1.3 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

2. Related party transactions

During the period, the Company 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 and those related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summaries significant business transactions with related parties as follows.

	(Unit: Million Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Transactions with related parties</u>				
Office rental and service expenses	1.1	1.0	3.3	3.1
Land rental expenses	1.5	1.4	4.3	4.3

The balances between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>30 September 2023</u>	<u>31 December 2022</u>
		(Audited)
<u>Lease liabilities - related parties</u>		
Major shareholder of the Company	7,510	10,329
Related companies (related by shareholders)	19,096	22,392
Total lease liabilities - related parties	<u>26,606</u>	<u>32,721</u>

(Unaudited but reviewed)

Directors and management's benefits

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	6,119	7,842	18,164	21,427
Post-employment benefits	255	247	766	741
Total	<u>6,374</u>	<u>8,089</u>	<u>18,930</u>	<u>22,168</u>

3. Trade and other receivables

(Unit: Thousand Baht)

	<u>30 September 2023</u>	<u>31 December 2022</u>
		(Audited)
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	716,673	626,417
Past due		
Up to 3 months	142,032	249,077
3 - 6 months	26,294	2,848
6 - 12 months	5,267	2,735
Over 12 months	36,387	41,684
Total	926,653	922,761
Less: Allowance for expected credit losses	(45,755)	(52,966)
Total trade receivables - unrelated parties, net	<u>880,898</u>	<u>869,795</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	697	941
Total other receivables	<u>697</u>	<u>941</u>
Total trade and other receivables - net	<u>881,595</u>	<u>870,736</u>

4. Inventories

Movements of the reduction of inventory cost to net realisable value account during the nine-month period ended 30 September 2023 are summarised below:

(Unit: Thousand Baht)

Balance as at 1 January 2023	37,651
Reversal of inventory cost to net realisable value during the period	<u>(13,283)</u>
Balance as at 30 September 2023	<u>24,368</u>

(Unaudited but reviewed)

5. Property, plant and equipment

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
		(Audited)
Net book value:		
Property, plant and equipment	1,524,521	1,532,239
Right-of-use assets	29,854	37,450
Total	<u>1,554,375</u>	<u>1,569,689</u>

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2023 are summarised below:

	(Unit: Thousand Baht)			
	Assets on revaluation basis - land	Assets on cost basis		
		Plant and equipment	Right-of-use assets	Total
Net book value as at 1 January 2023	748,903	783,336	37,450	1,569,689
Acquisitions during the period	-	37,028	1,580	38,608
Revaluation	30,002	-	-	30,002
Reversal of impairment loss on land	313	-	-	313
Disposals/Write-off during the period - net book value at disposals/write-off date	-	(1,170)	(264)	(1,434)
Depreciation for the period	-	(73,891)	(8,912)	(82,803)
Net book value as at 30 September 2023	<u>779,218</u>	<u>745,303</u>	<u>29,854</u>	<u>1,554,375</u>

Land were measured at fair value using level 3 input.

6. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (Percent per annum)			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
		(Audited)		(Audited)
Short-term loans from financial institutions	3.07 - 3.30	2.10 - 2.37	419,712	523,805
Trust receipt	2.95 - 3.58	2.00 - 2.45	1,240,575	1,334,416
Total			<u>1,660,287</u>	<u>1,858,221</u>

The credit facilities agreement with the banks contain financial covenants that, among other things, maintain certain current ratio and 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)	
	30 September 2023	31 December 2022
		(Audited)
Trade payables - unrelated parties	161,676	64,542
Other payables - unrelated parties	48,097	38,063
Accrued expenses	23,851	26,609
Total trade and other payables	<u>233,624</u>	<u>129,214</u>

8. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax benefits for the three-month and nine-month periods ended 30 September 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax:				
Interim corporate income tax charge	-	(11,750)	-	(774)
Deferred tax:				
Relating to origination and reversal of temporary differences	5,278	20,430	471	(6,523)
Income tax expenses (benefits) reported in profit or loss	<u>5,278</u>	<u>8,680</u>	<u>471</u>	<u>(7,297)</u>

The amounts of income tax relating to other comprehensive income for the nine-month periods ended 30 September 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)	
	For the nine-month periods ended 30 September	
	<u>2023</u>	<u>2022</u>
Deferred tax on gains from revaluation of land	<u>6,000</u>	<u>-</u>

9. Commitments and contingent liabilities

9.1 Capital commitments

As at 30 September 2023, the Company had capital commitments of approximately Baht 3 million, relating to acquisition of equipment, building material and the factory system improvement.

9.2 Letters of credit

As at 30 September 2023, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 5 million.

9.3 Guarantees

As at 30 September 2023, there were outstanding bank guarantees of approximately 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)
Guarantee electricity use	15
Guarantee as an AEO authorised importer and/or exporter to the Customs Department	1

10. Fair value of financial instrument

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

11. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2023.