

Pacific Pipe Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2024

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 31 March 2024, and the related 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 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: 9 May 2024

Pacific Pipe Public Company Limited**Statement of financial position****As at 31 March 2024**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		239,345	268,328
Trade and other receivables	3	852,352	763,913
Inventories	4	1,186,347	1,292,179
Advance payments for raw material		92,000	-
Other current assets		15,691	26,221
Total current assets		<u>2,385,735</u>	<u>2,350,641</u>
Non-current assets			
Property, plant and equipment	5	1,510,012	1,533,660
Intangible assets		22,071	23,217
Withholding tax refundable		86	10,500
Other non-current assets		135	167
Total non-current assets		<u>1,532,304</u>	<u>1,567,544</u>
Total assets		<u><u>3,918,039</u></u>	<u><u>3,918,185</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 31 March 2024

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	6	1,661,165	1,627,005
Trade and other payables	7	71,583	96,831
Current portion of lease liabilities		12,060	12,255
Other current liabilities		<u>17,775</u>	<u>14,035</u>
Total current liabilities		<u>1,762,583</u>	<u>1,750,126</u>
Non-current liabilities			
Lease liabilities - net of current portion		15,843	18,757
Deferred tax liabilities		104,908	105,018
Provision for long-term employee benefits		<u>33,751</u>	<u>32,636</u>
Total non-current liabilities		<u>154,502</u>	<u>156,411</u>
Total liabilities		<u>1,917,085</u>	<u>1,906,537</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 31 March 2024

(Unit: Thousand Baht)

	<u>31 March 2024</u>	<u>31 December 2023</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	341,935	352,629
Other components of shareholders' equity	<u>416,163</u>	<u>416,163</u>
Total shareholders' equity	<u>2,000,954</u>	<u>2,011,648</u>
Total liabilities and shareholders' equity	<u>3,918,039</u>	<u>3,918,185</u>
	-	-

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

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Directors
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(Unaudited but reviewed)

Pacific Pipe Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2024

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

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Profit or loss:			
Revenues			
Sales and service income		1,961,658	2,706,421
Gains on exchange		6,409	10,040
Other income		<u>19,072</u>	<u>24,407</u>
Total revenues		<u>1,987,139</u>	<u>2,740,868</u>
Expenses			
Cost of sales and services		1,885,373	2,483,090
Selling and distribution expenses		32,741	39,917
Administrative expenses		<u>64,543</u>	<u>66,898</u>
Total expenses		<u>1,982,657</u>	<u>2,589,905</u>
Operating profit		4,482	150,963
Finance income		2	7
Finance cost		<u>(15,288)</u>	<u>(12,287)</u>
Profit (loss) before income tax benefits (expenses)		(10,804)	138,683
Income tax benefits (expenses)	8	<u>110</u>	<u>(1,185)</u>
Profit (loss) for the period		<u>(10,694)</u>	<u>137,498</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(10,694)</u>	<u>137,498</u>
Earnings (loss) per share			
Basic earnings (loss) per share			
Profit (loss) for the period		<u>(0.02)</u>	<u>0.21</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 three-month period ended 31 March 2024

	(Unit: Thousand Baht)	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Profit (loss) before tax	(10,804)	138,683
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	27,417	29,031
Expected credit losses (reversal)	(589)	1,124
Reversal of inventory cost to net realisable value	(37)	(21,794)
Loss on disposal/write-off of equipment	52	293
Loss on write-off of intangible assets	-	1,274
Long-term employee benefits expenses	1,115	1,056
Unrealised gain on exchange	-	(298)
Loss (gain) on fair value adjustments of derivatives	(694)	2,927
Gain on cancelled lease contract	-	(27)
Finance income	(2)	(7)
Interest expenses	15,224	12,077
Profit from operating activities before changes in operating assets and liabilities	31,682	164,339
Operating assets (increase) decrease		
Trade and other receivables	(87,850)	(336,609)
Inventories	105,869	(282,344)
Advance payments for raw material	(92,000)	170,813
Other current assets	11,253	898
Other non-current assets	32	23
Operating liabilities increase (decrease)		
Trade and other payables	(28,144)	126,038
Other current liabilities	3,740	15,970
Cash flows used in operating activities	(55,418)	(140,872)
Interest received	2	6
Interest paid	(15,057)	(11,690)
Withholding tax refundable received	10,414	-
Income tax paid	(29)	(10)
Net cash flows used in operating activities	<u>(60,088)</u>	<u>(152,566)</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 three-month period ended 31 March 2024

	(Unit: Thousand Baht)	
	<u>2024</u>	<u>2023</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(1,362)	(4,001)
Proceeds from sales of equipment	<u>1,416</u>	<u>17</u>
Net cash flows from (used in) investing activities	<u>54</u>	<u>(3,984)</u>
Cash flows from financing activities		
Cash received from short-term loans from financial institutions	1,681,059	2,385,049
Cash paid for short-term loans from financial institutions	(1,646,899)	(2,287,889)
Payment of principle portion of lease liabilities	<u>(3,109)</u>	<u>(2,882)</u>
Net cash flows from financing activities	<u>31,051</u>	<u>94,278</u>
Net decrease in cash and cash equivalents	(28,983)	(62,272)
Cash and cash equivalents at beginning of period	<u>268,328</u>	<u>253,134</u>
Cash and cash equivalents at end of period	<u><u>239,345</u></u>	<u><u>190,862</u></u>
	-	
Supplemental cash flows information:		
Non-cash transactions		
Acquisition of plant and equipment for which no cash has been paid	2,729	1,616

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 three-month period ended 31 March 2024

(Unit: Thousand Baht)

	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of shareholders' equity Other comprehensive income	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	
Balance as at 1 January 2023	660,000	514,845	1,011	67,000	408,780	392,162	2,043,798
Profit for the period	-	-	-	-	137,498	-	137,498
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	137,498	-	137,498
Balance as at 31 March 2023	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>546,278</u>	<u>392,162</u>	<u>2,181,296</u>
Balance as at 1 January 2024	660,000	514,845	1,011	67,000	352,629	416,163	2,011,648
Loss for the period	-	-	-	-	(10,694)	-	(10,694)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(10,694)	-	(10,694)
Balance as at 31 March 2024	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>341,935</u>	<u>416,163</u>	<u>2,000,954</u>

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 period ended 31 March 2024

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 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 2023.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, do 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.

(Unaudited but reviewed)

Summaries significant business transactions with related parties as follows.

(Unit: Million Baht)

For the three-month periods ended 31 March

	<u>2024</u>	<u>2023</u>
<u>Transactions with related parties</u>		
Office rental and service expenses	1.1	1.1
Land rental expenses	1.5	1.4

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

(Unit: Thousand Baht)

	<u>31 March 2024</u>	<u>31 December 2023</u>
		(Audited)
<u>Lease liabilities - related parties</u>		
Major shareholder of the Company	5,552	6,539
Related companies (related by common shareholders)	16,686	17,901
Total lease liabilities - related parties	<u>22,238</u>	<u>24,440</u>

Directors and management's benefits

(Unit: Thousand Baht)

For the three-month periods ended 31 March

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	6,544	5,787
Post-employment benefits	191	255
Total	<u>6,735</u>	<u>6,042</u>

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2024	31 December 2023
		(Audited)
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	673,486	558,496
Past due		
Up to 3 months	171,501	192,195
3 - 6 months	1,793	7,587
6 - 12 months	10,392	13,181
Over 12 months	31,095	29,044
Total	888,267	800,503
Less: Allowance for expected credit losses	(36,681)	(37,270)
Total trade receivables - unrelated parties, net	851,586	763,233
<u>Other receivables</u>		
Other receivables - unrelated parties	766	680
Total other receivables	766	680
Total trade and other receivables - net	852,352	763,913

4. Inventories

Movements of the reduction of inventory cost to net realisable value account during the three-month period ended 31 March 2024 are summarised below:

	(Unit: Thousand Baht)
Balance as at 1 January 2024	23,495
Less: Reversal of inventory cost to net realisable value during the period	(37)
Balance as at 31 March 2024	23,458

(Unaudited but reviewed)

5. Property, plant and equipment

	(Unit: Thousand Baht)	
	31 March 2024	31 December 2023
Net book value:		(Audited)
Property, plant and equipment	1,486,106	1,506,800
Right-of-use assets	23,906	26,860
Total	<u>1,510,012</u>	<u>1,533,660</u>

Movements of the property, plant and equipment account during the three-month period ended 31 March 2024 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 2024	779,217	727,583	26,860	1,533,660
Acquisitions during the period	-	4,091	-	4,091
Disposals/Write-off during the period - net book value at disposals/write-off date	-	(1,468)	-	(1,468)
Depreciation for the period	-	(23,317)	(2,954)	(26,271)
Net book value as at 31 March 2024	<u>779,217</u>	<u>706,889</u>	<u>23,906</u>	<u>1,510,012</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)			
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Short-term loans from financial institutions	3.32 - 3.85	3.15 - 3.77	571,315	561,675
Trust receipt	3.34 - 3.77	3.29 - 3.77	1,089,850	1,065,330
Total		(Audited)	<u>1,661,165</u>	<u>1,627,005</u>

The credit facilities agreement with the banks contain financial covenants that, among other things, maintain certain debt to equity ratios according to the agreement and required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks.

7. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2024	31 December 2023
		(Audited)
Trade payables - unrelated parties	5,121	28,061
Other payables - unrelated parties	47,829	43,502
Accrued expenses	18,633	25,268
Total trade and other payables	<u>71,583</u>	<u>96,831</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 (expenses) for the three-month period ended 31 March 2024 and 2023 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2024</u>	<u>2023</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	110	(1,185)
Income tax benefits (expenses) reported in profit or loss	<u>110</u>	<u>(1,185)</u>

9. Commitments and contingent liabilities**9.1 Letters of credit**

As at 31 March 2024, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 6 million.

9.2 Guarantees

As at 31 March 2024, 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 9 May 2024.