

Pacific Pipe Public Company Limited and its subsidiaries
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2021

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 September 2021, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated 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 consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same periods (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*.

Wattoo Kayankannavee
Certified Public Accountant (Thailand) No. 5423

EY Office Limited
Bangkok: 9 November 2021

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2021

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | | |
|-----------------------------------|------------------------------------------|-----------------------------|--------------------------------------|-----------------------------|-------------------------|
| | <u>Note</u> | <u>30 September 2021</u> | <u>31 December 2020</u> | <u>30 September 2021</u> | <u>31 December 2020</u> |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 447,026 | 267,247 | 434,994 | 252,789 |
| Trade and other receivables | 3 | 1,075,394 | 746,828 | 1,075,418 | 747,038 |
| Inventories | 4 | 2,047,901 | 1,459,917 | 2,047,901 | 1,459,917 |
| Advance payments for raw material | | - | 245,476 | - | 245,476 |
| Derivative assets | | 1,230 | - | 1,230 | - |
| Other current assets | | 10,254 | 13,244 | 10,254 | 13,244 |
| Total current assets | | <u>3,581,805</u> | <u>2,732,712</u> | <u>3,569,797</u> | <u>2,718,464</u> |
| Non-current assets | | | | | |
| Investments in subsidiaries | 1.3 | - | - | - | 1,799 |
| Property, plant and equipment | 5 | 1,709,140 | 1,769,403 | 1,709,140 | 1,769,403 |
| Intangible assets | | 32,814 | 37,972 | 32,814 | 37,972 |
| Other non-current assets | | 898 | 400 | 898 | 400 |
| Total non-current assets | | <u>1,742,852</u> | <u>1,807,775</u> | <u>1,742,852</u> | <u>1,809,574</u> |
| Total assets | | <u><u>5,324,657</u></u> | <u><u>4,540,487</u></u> | <u><u>5,312,649</u></u> | <u><u>4,528,038</u></u> |

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2021

(Unit: Thousand Baht)

| | Note | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|----------------------------------------------|------|------------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | | <u>30 September 2021</u> | <u>31 December 2020</u> | <u>30 September 2021</u> | <u>31 December 2020</u> |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 6 | 1,902,672 | 1,688,291 | 1,902,672 | 1,688,291 |
| Trade and other payables | 7 | 221,785 | 114,530 | 221,785 | 114,510 |
| Current portion of lease liabilities | 8 | 10,053 | 8,547 | 10,053 | 8,547 |
| Income tax payable | | 14,621 | 35,077 | 14,621 | 35,077 |
| Other current liabilities | | 41,339 | 15,788 | 41,338 | 15,788 |
| Total current liabilities | | <u>2,190,470</u> | <u>1,862,233</u> | <u>2,190,469</u> | <u>1,862,213</u> |
| Non-current liabilities | | | | | |
| Lease liabilities - net of current portion | 8 | 38,800 | 43,981 | 38,800 | 43,981 |
| Deferred tax liabilities | | 103,867 | 108,814 | 101,512 | 106,361 |
| Provision for long-term employee benefits | | 38,158 | 34,779 | 38,158 | 34,779 |
| Total non-current liabilities | | <u>180,825</u> | <u>187,574</u> | <u>178,470</u> | <u>185,121</u> |
| Total liabilities | | <u>2,371,295</u> | <u>2,049,807</u> | <u>2,368,939</u> | <u>2,047,334</u> |

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2021

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---------------------------------------------------|------------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | <u>30 September 2021</u> | <u>31 December 2020</u> | <u>30 September 2021</u> | <u>31 December 2020</u> |
| | (Unaudited but reviewed) | (Audited) | (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> | <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 | | | | |
| 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 | 1,318,344 | 855,662 | 1,308,692 | 845,686 |
| Other components of shareholders' equity | <u>392,162</u> | <u>392,162</u> | <u>392,162</u> | <u>392,162</u> |
| Total shareholders' equity | <u>2,953,362</u> | <u>2,490,680</u> | <u>2,943,710</u> | <u>2,480,704</u> |
| Total liabilities and shareholders' equity | <u>5,324,657</u> | <u>4,540,487</u> | <u>5,312,649</u> | <u>4,528,038</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 and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 September 2021**

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

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------|------------------|--------------------------------------|------------------|
| | <u>Note</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Sales and service income | | 2,293,771 | 1,829,194 | 2,293,771 | 1,829,194 |
| Other income | | 24,880 | 27,938 | 24,880 | 27,938 |
| Total revenues | | 2,318,651 | 1,857,132 | 2,318,651 | 1,857,132 |
| Expenses | | | | | |
| Cost of sales and services | | 2,116,599 | 1,648,361 | 2,116,599 | 1,648,361 |
| Selling and distribution expenses | | 36,509 | 42,568 | 36,509 | 42,568 |
| Administrative expenses | | 87,624 | 63,884 | 87,624 | 63,884 |
| Total expenses | | 2,240,732 | 1,754,813 | 2,240,732 | 1,754,813 |
| Operating profit | | 77,919 | 102,319 | 77,919 | 102,319 |
| Finance income | | 10 | 1 | 10 | 1 |
| Finance cost | | (9,834) | (8,971) | (9,834) | (8,969) |
| Profit before income tax expenses | | 68,095 | 93,349 | 68,095 | 93,351 |
| Income tax expenses | 9 | (13,608) | (18,714) | (13,608) | (18,712) |
| Profit for the period | | 54,487 | 74,635 | 54,487 | 74,639 |
| 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 | | - | 8,600 | - | 8,600 |
| Less: Income tax effect | 9 | - | (1,720) | - | (1,720) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | - | 6,880 | - | 6,880 |
| Other comprehensive income for the period | | - | 6,880 | - | 6,880 |
| Total comprehensive income for the period | | 54,487 | 81,515 | 54,487 | 81,519 |
| Earnings per share | | | | | |
| 10 | | | | | |
| Basic earnings per share | | | | | |
| Profit for the period | | 0.08 | 0.11 | 0.08 | 0.11 |

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries**Statement of comprehensive income****For the nine-month period ended 30 September 2021**

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

| | Note | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---------------------------------------------------------------------------------------------------------------|------|------------------------------------------|------------------|--------------------------------------|------------------|
| | | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Sales and service income | | 7,158,658 | 5,592,161 | 7,158,658 | 5,592,161 |
| Other income | | 78,751 | 62,874 | 79,178 | 62,873 |
| Total revenues | | <u>7,237,409</u> | <u>5,655,035</u> | <u>7,237,836</u> | <u>5,655,034</u> |
| Expenses | | | | | |
| Cost of sales and services | | 6,148,482 | 5,131,111 | 6,148,482 | 5,131,111 |
| Selling and distribution expenses | | 112,674 | 115,822 | 112,674 | 115,822 |
| Administrative expenses | | 223,627 | 217,155 | 223,627 | 217,031 |
| Total expenses | | <u>6,484,783</u> | <u>5,464,088</u> | <u>6,484,783</u> | <u>5,463,964</u> |
| Operating profit | | 752,626 | 190,947 | 753,053 | 191,070 |
| Finance income | | 196 | 484 | 191 | 464 |
| Finance cost | | (26,401) | (31,123) | (26,401) | (31,112) |
| Profit before income tax expenses | | 726,421 | 160,308 | 726,843 | 160,422 |
| Income tax expenses | 9 | (144,939) | (31,653) | (145,037) | (31,651) |
| Profit for the period | | <u>581,482</u> | <u>128,655</u> | <u>581,806</u> | <u>128,771</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 | | - | 8,600 | - | 8,600 |
| Less: Income tax effect | 9 | - | (1,720) | - | (1,720) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | - | 6,880 | - | 6,880 |
| Other comprehensive income for the period | | - | 6,880 | - | 6,880 |
| Total comprehensive income for the period | | <u>581,482</u> | <u>135,535</u> | <u>581,806</u> | <u>135,651</u> |
| Earnings per share | | | | | |
| 10 | | | | | |
| Basic earnings per share | | | | | |
| Profit for the period | | <u>0.88</u> | <u>0.19</u> | <u>0.88</u> | <u>0.20</u> |

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2021

(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 Surplus on revaluation of assets | shareholders' equity |
| Balance as at 1 January 2020 | 660,000 | 514,845 | 1,011 | 67,000 | 830,807 | 385,282 | 2,458,945 |
| Profit for the period | - | - | - | - | 128,655 | - | 128,655 |
| Other comprehensive income for the period | - | - | - | - | - | 6,880 | 6,880 |
| Total comprehensive income for the period | - | - | - | - | 128,655 | 6,880 | 135,535 |
| Dividend paid (Note 11) | - | - | - | - | (178,200) | - | (178,200) |
| Balance as at 30 September 2020 | <u>660,000</u> | <u>514,845</u> | <u>1,011</u> | <u>67,000</u> | <u>781,262</u> | <u>392,162</u> | <u>2,416,280</u> |
| Balance as at 1 January 2021 | 660,000 | 514,845 | 1,011 | 67,000 | 855,662 | 392,162 | 2,490,680 |
| Profit for the period | - | - | - | - | 581,482 | - | 581,482 |
| Other comprehensive income for the period | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 581,482 | - | 581,482 |
| Dividend paid (Note 11) | - | - | - | - | (118,800) | - | (118,800) |
| Balance as at 30 September 2021 | <u>660,000</u> | <u>514,845</u> | <u>1,011</u> | <u>67,000</u> | <u>1,318,344</u> | <u>392,162</u> | <u>2,953,362</u> |

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2021

(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 | | Other components of equity | |
| | | | | Appropriated - statutory reserve | Unappropriated | Other comprehensive income | |
| | | | | | | Surplus on revaluation of assets | |
| Balance as at 1 January 2020 | 660,000 | 514,845 | 1,011 | 67,000 | 820,722 | 385,282 | 2,448,860 |
| Profit for the period | - | - | - | - | 128,771 | - | 128,771 |
| Other comprehensive income for the period | - | - | - | - | - | 6,880 | 6,880 |
| Total comprehensive income for the period | - | - | - | - | 128,771 | 6,880 | 135,651 |
| Dividend paid (Note 11) | - | - | - | - | (178,200) | - | (178,200) |
| Balance as at 30 September 2020 | <u>660,000</u> | <u>514,845</u> | <u>1,011</u> | <u>67,000</u> | <u>771,293</u> | <u>392,162</u> | <u>2,406,311</u> |
| Balance as at 1 January 2021 | 660,000 | 514,845 | 1,011 | 67,000 | 845,686 | 392,162 | 2,480,704 |
| Profit for the period | - | - | - | - | 581,806 | - | 581,806 |
| Other comprehensive income for the period | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 581,806 | - | 581,806 |
| Dividend paid (Note 11) | - | - | - | - | (118,800) | - | (118,800) |
| Balance as at 30 September 2021 | <u>660,000</u> | <u>514,845</u> | <u>1,011</u> | <u>67,000</u> | <u>1,308,692</u> | <u>392,162</u> | <u>2,943,710</u> |

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the nine-month period ended 30 September 2021

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---------------------------------------------------------------------------------------------------------|------------------------------------------|----------------|--------------------------------------|----------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Cash flows from operating activities | | | | |
| Profit before tax | 726,421 | 160,308 | 726,843 | 160,422 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 98,905 | 104,082 | 98,905 | 104,082 |
| Expected credit losses | 6,987 | 18,097 | 6,987 | 18,097 |
| Reduction (reversal) of inventory cost to net realisable value | 8,324 | (12,850) | 8,324 | (12,850) |
| Loss (gain) on disposals/write-off of equipment | 161 | (134) | 161 | (134) |
| Impairment loss on land | - | 1,159 | - | 1,159 |
| Provision for long-term employee benefits | 3,379 | 2,560 | 3,379 | 2,560 |
| Write-off deferred rental expenses | - | (2,859) | - | (2,859) |
| Unrealised loss on exchange | 12,303 | 1,800 | 12,303 | 1,800 |
| Gain on fair value adjustments of derivative assets | (1,230) | - | (1,230) | - |
| Gain on return of capital surplus from subsidiary | - | - | (427) | - |
| Finance income | (196) | (484) | (191) | (464) |
| Interest expenses | 26,161 | 29,828 | 26,161 | 29,828 |
| Profit from operating activities before changes in operating assets and liabilities | 881,215 | 301,507 | 881,215 | 301,641 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (335,548) | 50,767 | (335,362) | 54,514 |
| Unbilled receivables | - | 8,851 | - | 8,851 |
| Inventories | (596,308) | (137,026) | (596,308) | (137,026) |
| Advance payments for raw material | 245,476 | 14,687 | 245,476 | 14,687 |
| Other current assets | 2,990 | 2,360 | 2,990 | 2,360 |
| Other non-current assets | (498) | 294 | (498) | 294 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 100,355 | 43,672 | 100,375 | 43,652 |
| Other current liabilities | 25,551 | (13,693) | 25,550 | (13,693) |
| Cash flows from operating activities | 323,233 | 271,419 | 323,438 | 275,280 |
| Interest paid | (25,944) | (30,021) | (25,944) | (30,021) |
| Corporate income tax paid | (170,342) | (17,907) | (170,342) | (17,854) |
| Net cash flows from operating activities | 126,947 | 223,491 | 127,152 | 227,405 |

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the nine-month period ended 30 September 2021

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|-----------------------------------------------------------------|------------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Cash flows from investing activities | | | | |
| Acquisition of plant and equipment | (23,825) | (26,537) | (23,825) | (26,537) |
| Acquisition of intangible assets | (242) | (405) | (242) | (405) |
| Proceeds from sales of equipment | 236 | 499 | 236 | 499 |
| Interest received | 191 | 481 | 186 | 461 |
| Cash received from return of capital surplus from subsidiary | - | - | 2,226 | - |
| Net cash flows used in investing activities | <u>(23,640)</u> | <u>(25,962)</u> | <u>(21,419)</u> | <u>(25,982)</u> |
| Cash flows from financing activities | | | | |
| Cash received from short-term loans from financial institutions | 5,931,214 | 5,225,687 | 5,931,214 | 5,225,687 |
| Cash paid for short-term loans from financial institutions | (5,729,136) | (5,300,135) | (5,729,136) | (5,300,135) |
| Payment of principal portion of lease liabilities | (6,806) | (4,790) | (6,806) | (4,790) |
| Dividend paid | (118,800) | (178,200) | (118,800) | (178,200) |
| Net cash flows from (used in) financing activities | <u>76,472</u> | <u>(257,438)</u> | <u>76,472</u> | <u>(257,438)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>179,779</u> | <u>(59,909)</u> | <u>182,205</u> | <u>(56,015)</u> |
| Cash and cash equivalents at beginning of period | <u>267,247</u> | <u>282,048</u> | <u>252,789</u> | <u>263,871</u> |
| Cash and cash equivalents at end of period | <u><u>447,026</u></u> | <u><u>222,139</u></u> | <u><u>434,994</u></u> | <u><u>207,856</u></u> |

Supplemental cash flows information:

Non-cash transactions

Acquisition of plant and equipment for which no cash

has been paid

| | | | | |
|--|-------|-------|-------|-------|
| | 6,683 | 3,223 | 6,683 | 3,223 |
|--|-------|-------|-------|-------|

| | | | | |
|-----------------------------------------|---|--------|---|--------|
| Transfer equipment to intangible assets | - | 18,736 | - | 18,736 |
|-----------------------------------------|---|--------|---|--------|

| | | | | |
|---------------------------------------------|-------|-------|-------|-------|
| Addition of right-of-use assets from leases | 3,131 | 1,458 | 3,131 | 1,458 |
|---------------------------------------------|-------|-------|-------|-------|

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

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2021

1. General information

1.1 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2020) 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.

1.3 Basis of consolidation

The interim consolidated 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 2020. However, on 1 December 2019, the Company acquired the entire businesses of two subsidiaries: namely, Tamose Trading Company Limited and Meesup Transport Company Limited, at the net book value of their assets and liabilities. The subsidiaries registered their dissolution with the Ministry of Commerce on 4 December 2019. Subsequently, Meesup Transport Company Limited completed the liquidation on 25 May 2021 and returned its capital surplus to the Company amounting to Baht 2.2 million while Tamose Trading Company Limited is currently in the process of liquidation.

1.4 New financial reporting standards

a) Financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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 Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

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 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

1.5 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

2. Related party transactions

During the periods, the Group 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.

(Unit: Million Baht)

| | For the three-month periods ended 30 September | | Transfer pricing policy |
|------------------------------------------|------------------------------------------------|-------------|-------------------------|
| | Consolidated/Separate financial statements | | |
| | <u>2021</u> | <u>2020</u> | |
| <u>Transactions with related parties</u> | | | |
| Office rental and service expenses | 1.0 | 1.0 | Contract price |
| Land rental expenses | 1.6 | 1.3 | Contract price |

(Unit: Million Baht)

| | For the nine-month periods ended 30 September | | Transfer pricing policy |
|--------------------------------------------|-----------------------------------------------|-------------|-------------------------|
| | Consolidated/Separate financial statements | | |
| | <u>2021</u> | <u>2020</u> | |
| <u>Transactions with related companies</u> | | | |
| Office rental and service expenses | 3.1 | 3.1 | Contract price |
| Land rental expenses | 4.2 | 3.9 | Contract price |

The balances of the accounts as at 30 September 2021 and 31 December 2020 between the Group and those related parties are as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|----------------------------------------------------------|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
| <u>Other receivables - related party (Note 3)</u> | | | | |
| Tamose Trading Company Limited | - | - | 24 | 210 |
| <u>Lease liabilities - related parties</u> | | | | |
| Related companies (related by shareholders) | 27,498 | 30,227 | 27,498 | 30,227 |

(Unaudited but reviewed)

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2021 and 2020, the Company had employee benefit expenses payable to its directors and management as below:

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | | | |
|------------------------------|--------------------------------------------|-------|----------------------------|--------|
| | For the three-month periods | | For the nine-month periods | |
| | ended 30 September | | ended 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| Short-term employee benefits | 12,925 | 7,174 | 32,171 | 21,207 |
| Post-employment benefits | 294 | 139 | 884 | 417 |
| Total | 13,219 | 7,313 | 33,055 | 21,624 |

3. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---------------------------------------------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 807,807 | 530,877 | 807,807 | 530,877 |
| Past due | | | | |
| Up to 3 months | 263,870 | 190,253 | 263,870 | 190,253 |
| 3 - 6 months | 15,282 | 11,566 | 15,282 | 11,566 |
| 6 - 12 months | 1,115 | 25,520 | 1,115 | 25,520 |
| Over 12 months | 46,553 | 40,588 | 46,553 | 40,588 |
| Total | 1,134,627 | 798,804 | 1,134,627 | 798,804 |
| Less: Allowance for expected credit losses | (60,139) | (53,152) | (60,139) | (53,152) |
| Total trade receivables - unrelated parties - net | 1,074,488 | 745,652 | 1,074,488 | 745,652 |
| Total trade receivables - net | 1,074,488 | 745,652 | 1,074,488 | 745,652 |
| <u>Other receivables</u> | | | | |
| Other receivables - related party (Note 2) | - | - | 24 | 210 |
| Other receivables - unrelated parties | 906 | 1,176 | 906 | 1,176 |
| Total other receivables | 906 | 1,176 | 930 | 1,386 |
| Total trade and other receivables - net | 1,075,394 | 746,828 | 1,075,418 | 747,038 |

(Unaudited but reviewed)

6. Short-term loans from financial institutions

(Unit: Thousand Baht)

| | Interest rate | | Consolidated/Separate | |
|----------------------------------------------|---------------------|-------------|-----------------------|------------------|
| | (Percent per annum) | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| Short-term loans from financial institutions | 1.50 - 1.55 | 1.55 - 1.67 | 655,023 | 713,416 |
| Trust receipt | 1.50 - 2.00 | 1.47 - 2.32 | 1,247,649 | 974,875 |
| | | | <u>1,902,672</u> | <u>1,688,291</u> |

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

7. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|------------------------------------|----------------------|----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| Trade payables - unrelated parties | 125,944 | 27,670 | 125,944 | 27,670 |
| Other payables - unrelated parties | 45,187 | 50,179 | 45,187 | 50,159 |
| Accrued expenses | 50,654 | 36,681 | 50,654 | 36,681 |
| Total trade and other payables | <u>221,785</u> | <u>114,530</u> | <u>221,785</u> | <u>114,510</u> |

8. Lease liabilities

The carrying amounts of lease liabilities and the movement for the during the nine-month period ended 30 September 2021 are presented below:

(Unit: Thousand Baht)

| | Consolidated/Separate |
|---------------------------------------------------|-----------------------|
| | financial statements |
| Balance as at 1 January 2021 | 52,528 |
| Addition | 3,131 |
| Accretion of interest | 2,505 |
| Payments | (9,311) |
| Balance as at 30 September 2021 | <u>48,853</u> |
| Less: Current portion | <u>(10,053)</u> |
| Lease liabilities - net of current portion | <u>38,800</u> |

9. Income tax

Income tax for the three-month and nine-month periods ended 30 September 2021 and 2020 are made up as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 30 September | | | |
|---------------------------------------------------------------|------------------------------------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current income tax: | | | | |
| Interim corporate income tax charge | 14,719 | 19,421 | 14,719 | 19,419 |
| Adjustment in respect of income tax of previous year | - | 5 | - | 5 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (1,111) | (712) | (1,111) | (712) |
| Income tax expenses reported in profit or loss | <u>13,608</u> | <u>18,714</u> | <u>13,608</u> | <u>18,712</u> |

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|---------------------------------------------------------------|-----------------------------------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current income tax: | | | | |
| Interim corporate income tax charge | 150,372 | 34,506 | 150,372 | 34,504 |
| Adjustment in respect of income tax of previous year | (486) | (359) | (486) | (359) |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (4,947) | (2,494) | (4,849) | (2,494) |
| Income tax expenses reported in profit or loss | <u>144,939</u> | <u>31,653</u> | <u>145,037</u> | <u>31,651</u> |

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2021 and 2020 are made up as follows:

| | (Unit: Thousand Baht) | |
|--------------------------------------------------|----------------------------------------------|-------------|
| | For the three-month periods end 30 September | |
| | Consolidated/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Deferred tax on surplus on revaluation of assets | - | (1,720) |
| | - | (1,720) |

| | (Unit: Thousand Baht) | |
|--------------------------------------------------|---------------------------------------------|-------------|
| | For the nine-month periods end 30 September | |
| | Consolidated/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Deferred tax on surplus on revaluation of assets | - | (1,720) |
| | - | (1,720) |

10. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (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 2019 | Annual General Meeting of the shareholders on 24 April 2020 | 178.2 | 0.27 |
| Total for 2020 | | 178.2 | 0.27 |
| Final dividend for 2020 | Annual General Meeting of the shareholders on 22 April 2021 | 118.8 | 0.18 |
| Total for 2021 | | 118.8 | 0.18 |

12. Commitments and contingent liabilities**12.1 Capital commitments**

As at 30 September 2021, the Company had capital commitments of approximately Baht 0.6 million (31 December 2020: Baht 1.8 million), relating development of computer system.

12.2 Letters of credit

As at 30 September 2021, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 4.8 million (31 December 2020: USD 4.9 million).

12.3 Guarantees

As at 30 September 2021, there were outstanding bank guarantees of approximately Baht 16 million (31 December 2020: 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 September 2021 | 31 December 2020 |
| Guarantee electricity use | 15 | 15 |
| Guarantee as an AEO authorised importer and/or exporter to the Customs Department | 1 | 1 |

13. Segment information

The one main reportable operating segment of the Group is the manufacture and distribution of steel pipes, structural steels and contract of steel productions for construction work and the main single geographical area of their 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. Financial instrument**14.1 Fair value of financial instrument**

Most of the Group'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.

14.2 Foreign currency risk

As at 30 September 2021 and 31 December 2020, the Company has financial liabilities denominated in foreign currency which mature within one year as follows:

| Foreign currency | Financial liabilities | | Average exchange rate | |
|------------------|-----------------------|------------------|------------------------------------|------------------|
| | 30 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
| | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 7.0 | 1.1 | 33.8345 | 29.9497 |

The Company entered into forward foreign exchange contracts as hedge instrument to mitigate the foreign currency risk. As at 30 September 2021, the Company had the outstanding forward foreign exchange contracts as follows:

| Foreign currency | As at 30 September 2021 | | |
|------------------|-------------------------|------------------------------------|------------------|
| | Bought amount | Contractual exchange rate | Maturity Date |
| | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 2.6 | 33.39 - 33.54 | 17 February 2022 |

As at 30 September 2021, the Company had derivative assets of Baht 1.2 million (31 December 2020: None) which are measured at fair value using level 2 input.

15. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2021.