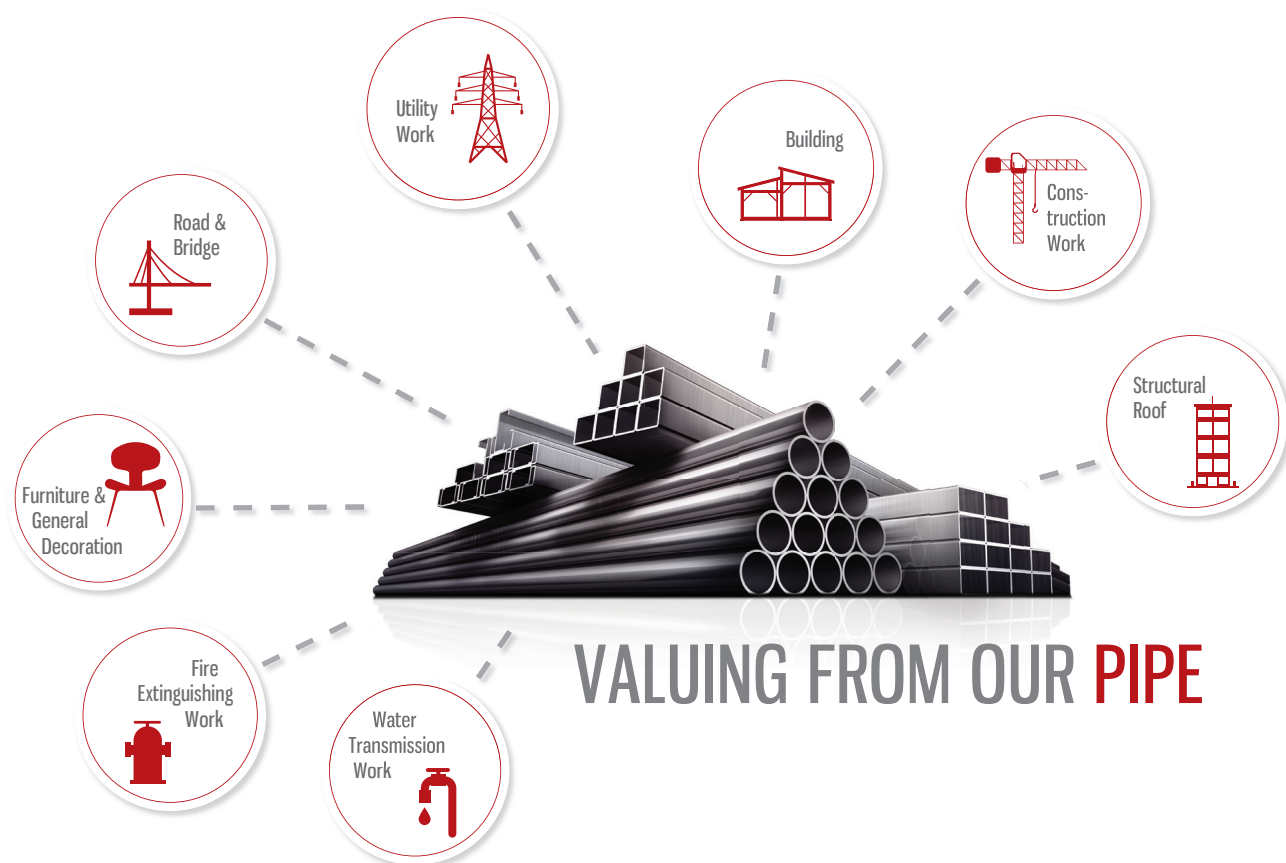
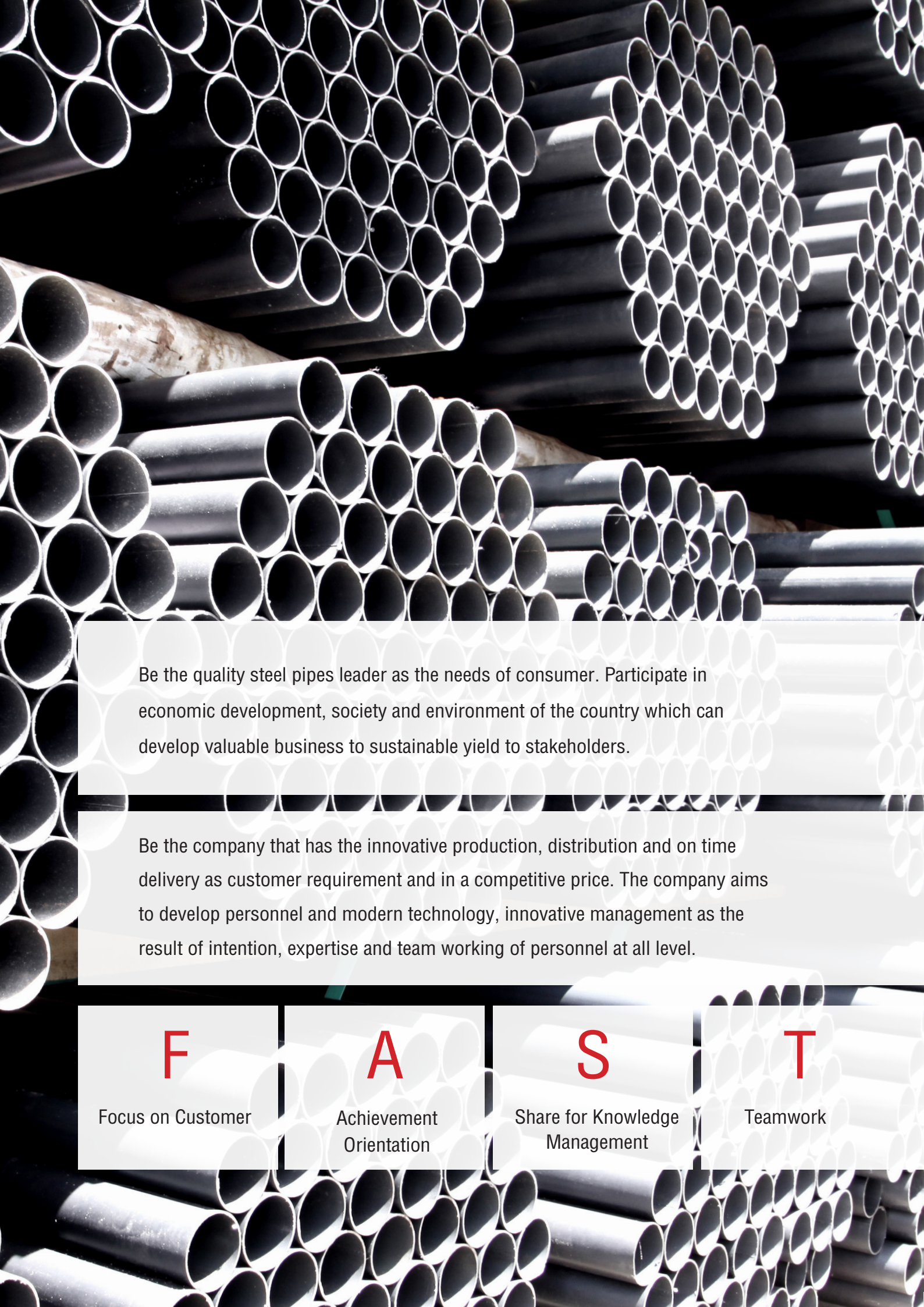


ANNUAL REPORT 2013



PACIFIC PIPE PUBLIC COMPANY LIMITES



Be the quality steel pipes leader as the needs of consumer. Participate in economic development, society and environment of the country which can develop valuable business to sustainable yield to stakeholders.

Be the company that has the innovative production, distribution and on time delivery as customer requirement and in a competitive price. The company aims to develop personnel and modern technology, innovative management as the result of intention, expertise and team working of personnel at all level.

F

Focus on Customer

A

Achievement
Orientation

S

Share for Knowledge
Management

T

Teamwork



บริษัท แปซิฟิกไพพ์ จำกัด (มหาชน)
PACIFIC PIPE PUBLIC COMPANY LIMITED

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Vision

Mission

Value

QUALITY STEEL PIPE

Pacific Pipe Public Company Limited is one of the leading steel pipe manufacturers in Thailand with customers in more than 10 countries around the world. We offers steel pipes, such as round black steel pipes, round galvanized steel pipes, square pipes, rectangular pipes and lip channel steel of various international standards with expertise and experience for over 35 years. Our steel pipe produce through advanced technological facilities, sophisticated equipment and modern machines controlled by skilled engineers and technicians, thus our products have been certified by many reputable institutions around the world.

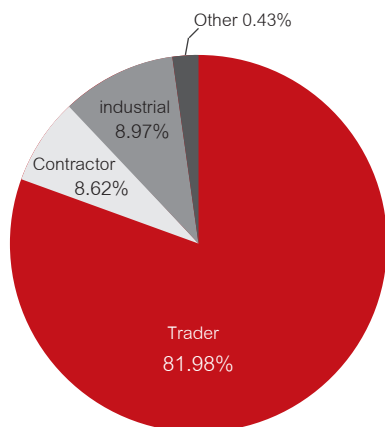
Construction Industry



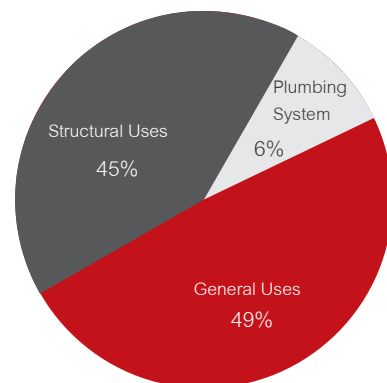
System Industrial



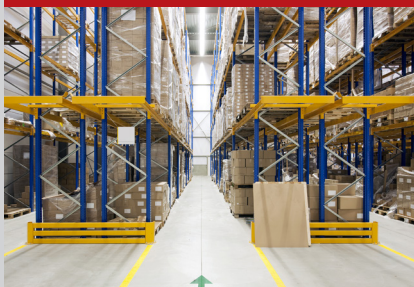
Selling
(Customer Type)



Selling
(Products Type)



Manufacture Industry



Agro-Industry



Energy Industry





Message from the Chairman

The world economy in the year 2013 was stable but there were good signs of gradually rebound. The United States economy was slowly recovering as the result of the stronger fundamental and the reduction of unemployment rate. For European economy started to unravel but the public debt problem continues to exist as well as the unemployment rate remained at a high level. Asian economy was stable especially export in the emerging market which is affected from of the economic slowdown in China. For Thai economy, household consumer spending is reduced because of saving spending from several domestic factors which made the consumer's confidence decreased both in economic and political problems. In 2013, Thai construction sector still expanded especially the projects of private sector while the world steel market situation was recession as a result of the slowing global economy continued.

The major factors that affect the business in 2013 were exchange rate fluctuations, issuance of measures by the Government continually, the protracted protest in 4th quarter and uncertainty of the Government's projects. These affected the confidence of consumers and made domestic demand reduced under the fragile situation of economic and politic. The company is particularly efforts to manage the business under the changing circumstances with the dedication, planning, monitoring and managing the risk closely by all concerned divisions whether planning, production, marketing, warehouse and efficient financial management. As a result, all divisions can operate with systematically and coherence. All the above actions raise the Company's performance in satisfactory level and continue growth. In 2013, the company has increased sales revenue 2.52%, total revenue of 7,470.80 Million baht and the net profit of 407.30 Million baht which increase 57.98% from last year.

Besides concentrate in strategic management, the Company continues focus on ethics and encourages all employees to perform duties with responsibility for all stakeholders. By focus on the good corporate governance and operate business with social responsibility, the company received an "Excellent" CG score from the Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors and received a

"100 scores" from the evaluation of the quality of the annual general meeting of shareholders by Thai investor Association. Moreover, the Company operates the business with social responsibility and starting from local communities which were employee and community that located around the Company. In 2013, the company has expanded the activities to local community by joining the project "Helping poor people to get the new home for Ubolrajchatani people to honor the King and the Queen of the year 2014". The Company participated by sponsoring a structural steel pipe for this project to build housing for poor families who don't have house or unable to repair. The candidates who have been elected must be a good person that neighbors in the district accepted and selected. The total of the house that we built were 216 houses as the information that appears in corporate social responsibility report.

The year 2014, the world economy is expected to rebound continued, whether the United State or European countries which will be the major factor in the economy-driven support while Thai political situation is still unable to resolve and affect the confidence of investors, consumer and domestic demand. This year is another year that we faced with the challenge of operating business in a sustainable growth. The Company will focus on the increasing production efficiency as well as manage the risk, find new markets and liquidity management.

Finally, the company directors would like to thank you to shareholders, business partners and financial institutions for giving strong support as well as our employees for their cooperation with hard work and being a part of our company's success as always. Our company promises to conduct business carefully and strictly follow good governance in order to ensure most benefit to every related parties.

Pol .Gen. 
(Wichean Potephosree)
Chairman

Financial Highlight

(Unit: Million Baht)

	2011	2012	2013
Financial Position			
Sales and Service Income	5,711.38	7,099.10	7,277.99
Total Revenue	5,874.00	7,277.72	7,470.80
Operating Profit	425.03	401.26	560.38
Net Profit (Loss)	261.62	257.81	407.30
Total Assests	3,458.34	4,061.24	3,454.87
Total Liabilities	1,530.52	2,053.83	1,209.48
Total Equity	1,927.83	2,007.43	2,245.40
Financial Ratio			
Net Profit on Total Revenues (%)	4.45	3.54	5.45
Return on Equity (%)	13.57	12.84	18.14
Return on Assets (%)	7.56	6.35	11.79
Debt to Equity (Times)	0.79	1.02	0.54
Earning Per Share (Baht/Share)	0.36	0.32	0.55
Dividend Payout (%)	75.00	78.13	72.73
Book Value Per Share (Baht/Share)	2.92	3.04	3.40
Share and Fully Paid-up Share Capital (Million Shares)	660.00	660.00	660.00

Note: - The figures for year 2011 and 2012 are restated for comparative purpose with 2013
 - Earning per share (Baht/share) and Dividend Payout (%) are calculated from Separate financial statement



General Information

Company Name	: Pacific Pipe Public Company Limited
Logo	: 
Ticker	: PAP
Type of Operation	: Manufacturing and selling steel pipes
Phra Pradang Plant Location	: 298,298/2 Suksawad Rd., Amphur Prasamut Chede, Samutprakarn 10290
Mahachai Plant Location (I)	: 1/112 Samutsakorn Industrial Park, Moo 2, Rama II Road, Tambol Tasai, Amphur Muang, Samutsakorn 74000
Mahachai Plant Location (II)	: 1/97 Samutsakorn Industrial Park, Moo 2, Rama II Road, Tambol Tasai, Amphur Muang, Samutsakorn 74000
Distribution Centre Location (I)	: 158 Moo 6 Tambol Bangbor, Amphur Bangbor, Samutprakarn 10560
Distribution Centre Location (II)	: 50/6 Moo2 Tambol Namai, Amphur Lad Lum Kaew, Pratumthani 12140
Office Location	: 1168/74 Lumpini Tower Fl.26 Rama IV Rd., Bangkok 10120
Registered Number	: Bor Mor Jor 0107547000206
Telephone (office)	: (66 2) 679 9000
Facsimile (office)	: (66 2) 679 9074
Website	: www.pacificpipe.co.th
Registered Capital	: Baht 660,000,000
Paid up Capital	: Baht 660,000,000
Type of Securities	: Common share
No. of Paid Up Common Share	: 660,000,000 shares
Par Value	: Baht 1 per share

**Investment in other companies
with more than 10% shareholding**

Company Name	: Tamose Trading Company Limited (subsidiary)
Logo	: 
Ticker	: TMS
Office Location	: 1168/68-69 Lumpini Tower, Fl.24, Rama IV Rd., Bangkok 10120
Type of Operation	: Selling steel pipes
Registered Capital	: Baht 1,000,000
Paid up Capital	: Baht 1,000,000
Type of Securities	: Common share
No. of Paid Up Common Share	: 10,000 shares
Par Value	: Baht 100 per share
Company Name	: Meesup Transport Company Limited (subsidiary)
Logo	: 
Ticker	: MT
Office Location	: 298/2 Suksawad Rd., Amphur Prasamut Chede, Samutprakarn 10290
Type of Operation	: Transportation
Registered Capital	: Baht 14,000,000
Paid up Capital	: Baht 9,200,000
Type of Securities	: Common share
No. of Paid Up Common Share	: 92,000 shares
Par Value	: Baht 100 per share

Reference
Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building 4th, 6th, - 7th Floor,
Ratchada Pisek Road, Klongtoey, Bangkok 10110

Auditor

Ernst & Young Office Limited
193/136-137 33rd Floor, Lake Rajada Office Complex,
New Rajadapisek Road, Klongtoey, Bangkok 10110

The Company's History

1972

Pacific Pipe Public Company Limited was established as Tang Mong Seng factory by the Lekapojpanich family which initially produced and sold toy cars.

1981

Expanded the business into the production of pipe which was pipe furniture and various types of pipes, which this was the start of our success as the leading steel pipe manufacturer in Thailand.

1991

Since the steel pipe sector had proved considerably successful and grown extensively, the Family then decided to switch their focus to solely on this business, and therefore, set up Pacific Pipe Company Limited on September 19th, 1991 as a manufacturer and distributor of steel pipes.

2003

To restructure the Company, some of the Family members jointly set up Tang Mong Seng Holding Co., Ltd. In order to hold shares in the Company instead of individual holding. The Company decided to purchase shares of Tamose Trading Co.,Ltd. (Tamose) from Lekapojpanich family by holding 99.94% of total paid up shares of Tamose. Currently, Tamose is responsible for operating sales and marketing functions in both domestic and international scales on behalf of Pacific Pipe PLC.

2004

As of March 17th, 2004, the Company was converted to a public company under the name "Pacific Pipe Public Company Limited" with the registered capital of 660 million baht by means of share offering of 16 million shares with the par value of 10 baht per share. The Company conducted Initial Public Offering (IPO) of 15.3 million shares at the offering price of 45 baht per share and issued 700,000 warrants to seven directors.

The Securities were listed on the Stock Exchange of Thailand on November 8th, 2004.

2006

The Company took over Meesub Transport Co., Ltd. by purchasing 99.97% of Meesub's total shares. Meesub Transport Co., Ltd. is currently responsible for operating the logistics function on behalf of Pacific Pipe Public Company Limited.

On April 7th, 2006, the Annual General Meeting of the year passed the resolution allowing the Company to split par value of ordinary shares from 10 baht to 5 baht, which resulted to the increase in the number of the Company's ordinary shares from 66 million shares to 132 million shares.

The construction project of the large size steel pipe factory at the Industrial Park at Samutsakorn province was completed. This plant has the total production capacity of 100,000 tons per year, enables the Company to enlarge the maximum size of our steel pipes from 8 inches to 16 inches.

2007

The distribution Center at Lad Lump Kaew district was completed and started operations ever since.

2008

As of July 30th, 2008, the Extra Ordinary General Shareholder Meeting No.1/2008 passed the resolution allowing the Company to split par value of ordinary share from 5 baht to 1 baht, which resulted to the increase in the number of the Company's ordinary shares from 132 million shares to 660 million shares which the operating completed on August 13th, 2008.

As of September 14th, 2008, the Board of Directors meeting No.11/2008 passed the resolution about the treasury Stock Program for Financial Management. The amount for the share repurchase should not exceed Baht 21 million. Number of shares repurchased equal 3.18% of total paid-up capital.

2009

As of December 9th, 2009 the Extra Ordinary General Shareholder Meeting No.1/2009 approved the purchasing land at Samutsakorn Industrial instead of rental land. The land at Samutsakorn is a plant for producing large steel pipes.

2010

As of March 8th, 2010, the Company has completed in Treasury Stock Program which sales of repurchase share in the total of 1,450,700 shares which purchased in the rate of 0.93 Baht per share and sale in the rate of 1.63 Baht per share.

2011

Pacific Pipe gets a standard guarantee by JIS Mark Scheme Certificate of Compliance from JQA. JQA is a Japanese non-profit organization which has a main responsibility to issue a guarantee document for the products which are in line with the Japanese Industrial Standards (JIS) condition. The guarantee product will be allowed to put the symbol  or JIS Mark upon it then the customers will acknowledge that this product can be used correctly and safely with reference to the Japanese industrial standard.

Pacific Pipe Public Company Limited is the first steel manufacturer of Thailand who get the Japanese standard guarantee, JIS Mark Scheme Certificate of Compliance. Pacific Pipe aims for increasing a choice of high quality steel pipe for customers, both of steel pipes for general structural purposes and ordinary piping.

2013

At the end of the year 2013, the Company started the capacity expansion project by the construction of factory and warehouse adjacent to the area of Samutsakorn Industrial Park which is called PM3. The capacity will increase around 150,000 tons per year and will be finished in the end of quarter 3 of 2014.

Nature of Business Operation

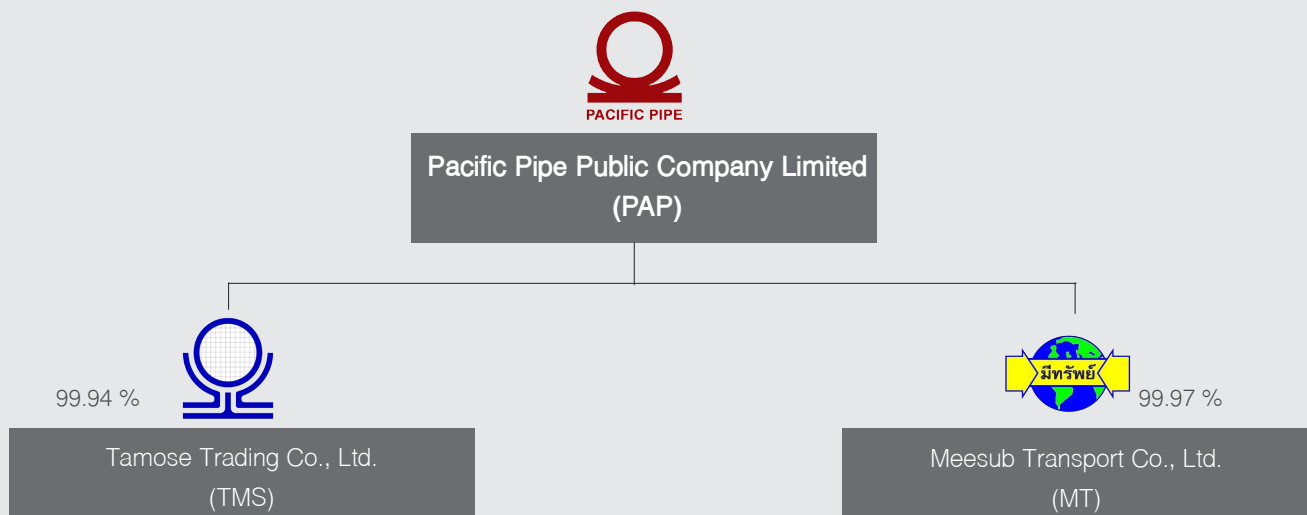
Overall Business

Pacific Pipe Public Company Limited is a manufacturer which the core business of the Company is manufacturing and distributing steel pipes, produced by process of Electric Resistance Welded production system (ERW). Presently, the Company offers more than 5,000 product choices to our customers, which those of our products can be categorized into 2 types, which are (i) black steel pipes and (ii) galvanized steel pipes, and in each type, there are 2 grades, which are either (i) standard grade and (ii) commercial grade. Steel pipes with standard grade are labeled and sold under Pacific Pipe brand “  ” while steel pipes with commercial grade are labeled and sold under Tamose brand “  ”.

The Operation between Pacific Pipe and Tamose Trading is well designed to achieve the highest efficiency by having Pacific Pipe operating as steel pipes manufacturer, while Tamose Trading as the marketing arm, being responsible for coordinating with customers thoroughly the sales process of the Company. Marketing functions of Tamose Trading can be categorized as follows:

- > For standard grade product, Tamose Trading acts as a selling agent that sells the product under the brand Pacific Pipe “  ” and receives the commission in return.
- > For commercial grade product, Tamose Trading purchases the product directly from the Company and resell it to external customers under its own brand Tamose “  ”.

However, since Tamose Trading is one the Company's subsidiaries, the Company and Tamose Trading then collaborate closely in order to generate the best and most effective production and marketing plans. Tamose Trading will purchase products from the Company only when receiving orders from customers in order to keep Tamose Trading's working capital usage at the most appropriate level. Moreover, with the good corporation with Meesup Transport, another subsidiary of the Company which takes care of the Company's delivery function, the Company has continuously maintained the high standard of delivery. The shareholding structures of the subsidiaries are as follows.



Steel pipes for general work



Revenue Structure

	2011		2012		2013	
	(MB.)	(%)	(MB.)	(%)	(MB.)	(%)
Sales and service income						
Domestic	5,425.91	92.37	6,657.54	91.48	7,043.91	94.29
International	239.57	4.08	378.79	5.20	162.46	2.17
Service income	45.90	0.78	62.77	0.86	71.62	0.96
Total Sales and service income	5,711.38	97.23	7,099.10	97.55	7,277.99	97.42
Net foreign exchange gain	-	-	18.96	0.26	-	0.00
Other revenues	162.62	2.77	159.66	2.19	192.81	2.58
Total Revenue	5,874.00	100.00	7,277.72	100.00	7,470.80	100.00

Note: Other revenues include scrap sales revenue, galvanizing revenue, interest income, etc.

Business Characteristics

Products

Our steel pipes are manufactured by the process of Electric Resistance Welded production system (ERW). The company offers both of made to order and finished products which can divide to 2 categories as;

1. Steel pipes for general work

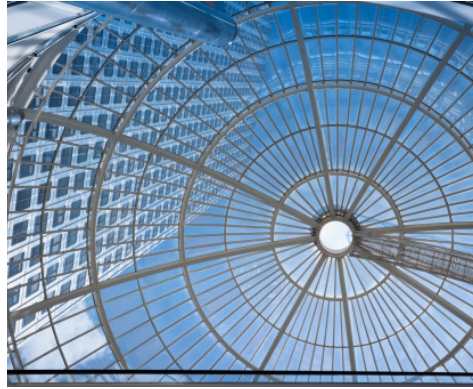
General Steel can be utilized in a variety of applications such as utility work, water transmission work, fire extinguishing work, and the trend of using steel pipe for other purposes such as implemented as an aquifer pipes or hose for fire water system in lubricate for high building compensation using PVC because there is strength and can accommodate more than pressure hose commonly PVC up to 5 times and can be adapted more convenient than pipes PVC. In addition, steel pipes can also be exploited in the agriculture, fence, doors and general decoration such as banister, fence houses and blocking roads, structure of bill board sign etc.

2. Steel pipe for construction work

Steel for structural steel pipe is large an alternative to using wood, the iron rail, steel curtain, steel structure of the H & I format description (H, I Beam), as well as the concrete in structure such as foundation pile, scaffold, structural roof or roof batten and can be adapted to the steel roof structure. Because of the strength of steel pipes, durable lightweight easy to connect, less damaged during transport. This makes the construction quality. In the meantime, we can save time and money which compared to the use of wood and concrete.

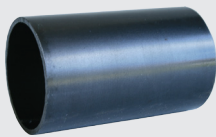
In addition, the use of steel also has advantages of steel categories. The iron curtain, Steel Guide, Steel structure of the image description or H I (H, I Beam) because steel is lightweight and has a symmetry which can contribute to weight all directions. As a result, the structure is made from steel pipes and lower costs. Current use of formability is accepted and used by engineers in construction increased continuously especially for large structure that resembles the hollow or buildings, with most area, minimum number of pillar.

Steel pipe for construction work



For example the formability of use to a structure both in and abroad and from the Government and the private sector such as transport station, airport, office buildings including official residence, the building's dome shape such sport stadium, warehouse

The shape and size of company's steel pipes



Round pipe

Size Nominal dimension ½ inch (15 mm.) to 16 inches (400 mm.)



Square pipe

Size Side length 12 x 12 mm. to 300 x 300 mm.



Rectangular pipe

Size Side length 19 x 38 mm. to 200 x 400 mm.



Lip Channel Steel C

Size Side length 60 x 30 x 10 mm. to 200 x 75 x 25 mm.

The Maximum thickness that the Company is able to product is at 12 mm. Moreover, steel pipes nominal dimension 10-16 inches which produce under ERM system (Electric Resistance - Welded Pipes) in Thailand are considered as special size products.

The type of steel manufacture

Our products can be categorized into 2 types, which are black steel pipes and galvanized steel pipes. There are 2 grades of both types, which are either;

Standard grade The standard grade is labeled and sold under the brand “  ” (Pacific Pipe)

which is certified quality by international standards that are commonly accepted with both domestic and overseas. The company's products have through the production process and ensure the product quality standards that define both of raw material, size, thickness, and other properties such as receiving pressure. Most standard grade is used for construction or the system which is necessary to use high quality products and is certified on both domestic and overseas for benefit of security mainly.

Commercial grade The Commercial grade is labeled and sold under the brand “  ” (Tamose)

The production process of commercial grade is as same as producing standard grade but different in quality raw materials and does not pass test in the process as defined in various standards. Most commercial grade is used for general used such as general plumbing or banister and fence houses etc.

Moreover, to select the shape of steel pipes is depending on the needs of customers such as round pipes looks beautiful and can bend the curve better than rectangular steel pipes so round pipes are popular to use as the building's dome shape or interior design. While rectangular steel pipes are sturdy and convenient to weld so rectangular steel pipes are suitable for the general structure and system for high buildings.

Certificates of Pacific Pipe Products

The Company's products are manufactured by reliable machines with modern technology and are inspected thoroughly the entire production process. The inspection is strictly controlled by our proficient technicians and skillful workers in order to assure that all the products meet the expected quality standard and are worth the customers' confidence. The Company also issues product quality warranty to every time when purchasing standard grade steel pipe.

The Company has quality standards from widely accepted domestic and international organizations as described below.

- > DIN EN ISO 9002 : 1994 from an institution of the TUV NORD CERT Certification Body of Rheinsch - Westfalischer TUV e.V, The Federal Republic of German
- > DIN EN ISO 9001 : 2000 from an institution of the TUV NORD CERT Certification Body of RWTUV Anlagentechnik GmbH, The Federal Republic of German
- > DIN EN ISO 9001 : 2008 from an institution of the TUV NORD CERT GmbH, The Federal Republic of German

The Company is the first steel pipes producer, who awarded ISO 9001 : 2008 which be able to guaranty our quality to customer satisfaction and the Company's sustainable growth. By maintaining superior quality, the Company has successfully managed to have its products been consistently granted quality standard products from widely accepted domestic and international organizations as described below.

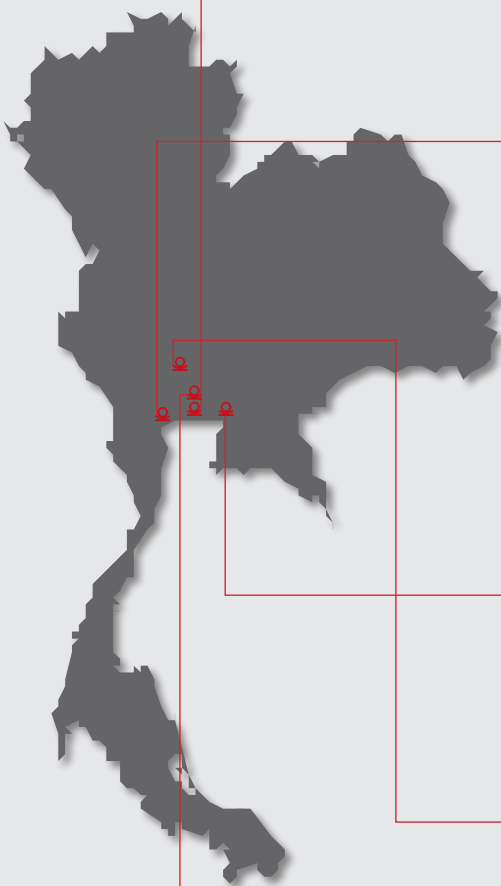
- > Thai Industrial Standard Certification (TIS) from the Thai Industrial Standard Institute of the Ministry of Industry
- > Productivity Standard: MATAALLIC SPRINKLER PIPE from an institute of Underwriters Laboratories Inc®, USA. In 2007
- > Industry standard quality assurance (JIS): Japan Industry Standard from Japan Quality Assurance Organization, Japan

In addition, the Company is the first steel pipes producer, whose product is awarded TIS of entire group of steel pipe from the Ministry of Industry. This enables the Company stand firmly in the leading position of the standard grade steel pipe market in Thailand. Moreover, our reputation of offering premium product has been swelled to overseas markets. Presently Asia, Middle East and Australia regions are our main export destinations. But the Company also plans to expand its coverage to all over the world. This will help not only mounting the revenue, but also creating opportunities to cooperate with clients in order to reap the technology advantages as well as new standards development.

Products and Services

At the present, the Company has 3 plants which have the total installed capacity of 350,000 tons per annum, 2 distribution centers and 1 sale office. The details are as follows;

Pacific Pipe Public Company Limited



1. Phra pradang plant

298,298/2 Soi Krupcharoen, Suksawat Road,
Amphur Prasamut Chede, Samutprakarn Province
Details Manufacturing steel pipe.Installed capacity of 140,000 tons per annum.
Area 24 rais 1 ngan 69 sq.wa. 3 buildings

2. Mahachai plant (I)

1/112 Samutsakorn Industrial Park, Moo 2, Rama II Road, Amphur
Muang, Samutsakorn Province
Details Galvanizing steel pipe. Installed capacity of 50,000 tons per annum.
Area 8 rais 2 ngan 5 sq. wa. 1 building

3. Mahachai plant (II)

1/97 Samutsakorn Industrial Park, Moo 2, Rama II Road, Tambol Tasai,
Ampher Muang, Samutsakorn Province
Details Manufacturing large-size steel pipe. Installed capacity of
160,000 tons per annum.
Area 20 rais 3 ngan 98 sq.wa. 1 building

4. Mahachai plant (III)

PM III is under construction

5. Distribution Center at Bangna-Trad km.29

158 Moo 6 Tambol Bangbor, Ampher Bangbor, Samutprakarn Province
Details Storage for sales. Storage capacity of 40,000 tons.
Area 22 rais 22 sq.wa. 2 building

6. Distribution Center at Lad lum Kaew

50/6 Moo2 Tambol Namai, Ampher Lad lum Kaew,
Pratumthani Province
Details Storage for sales. Storage capacity of 40,000 tons.
Area 25 rais 2 ngan 31 sq.wa. 2 building

7. Sales Department at Lumpini

1168/74 26th, Lumpini Tower, Rama IV Road,
Bangkok, Thailand 10120
Details Sales office.
Area 1,772.17 sq.m.

Production policy and production capability

The Company offers both made to order and finished products. Its placing order policy for domestic customers is as follows:

1. In case that the finished products, the Company will immediately deliver the products to customers once receiving their orders.
2. In case that there is raw materials available in inventory for manufacturing such products, the Company will deliver the product to customers within 20 days after receiving orders.
3. In case that there is no raw materials available in inventory for manufacturing such products, the Company will deliver the product to domestic customers within 45 days after receiving orders.
4. For oversea customers, the Company will deliver the product within 60-75 days after receiving orders, depending on the order period of customers.

The management, production team and marketing team usually work closely to effectively plan for raw material and finished product inventories. This efficient management enables the Company to maintain its effectiveness in product delivery and to immediately and actively respond to changing demands, division work closely and have regular meetings with management to plan for raw materials procurement and manufacturing ready for sales products. Generally, when the production utilization reaches to approximately 75%, the Company will consider an expansion in production capacity. The decision will bid on the analysis on steel pipe consumption trend and the company's directions and plans. In additional, in order to

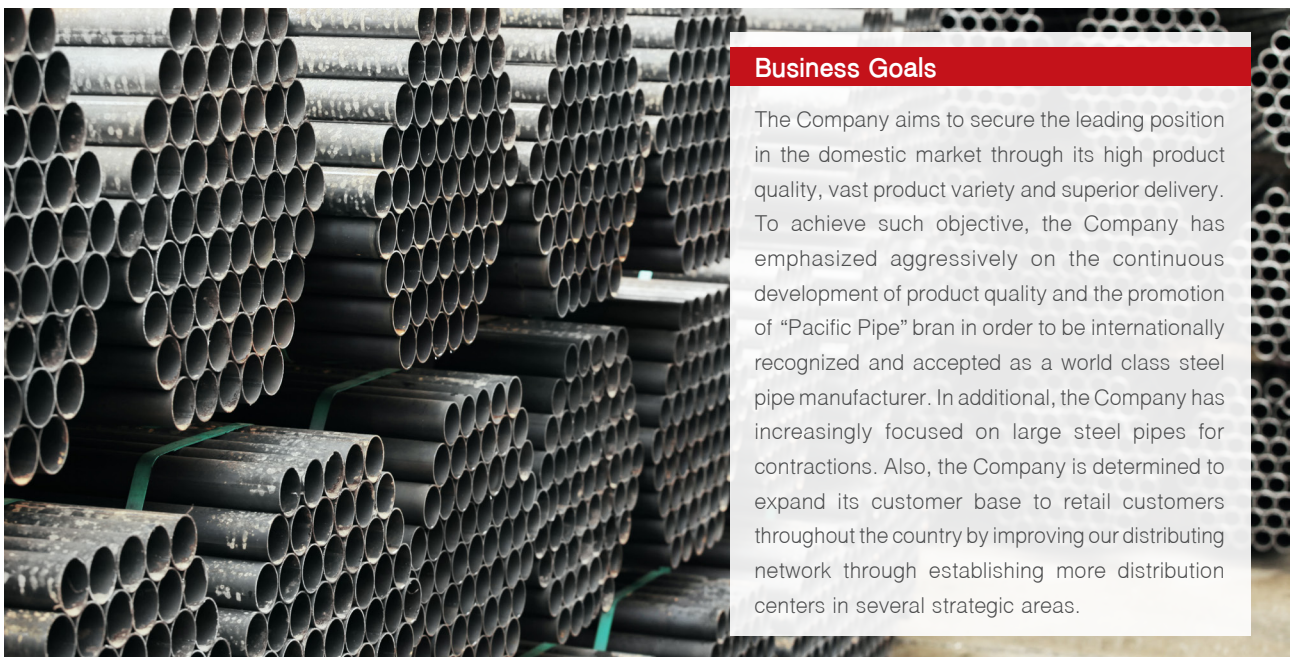
maintain machine conditions, the Company has scheduled to have every major machine check up once a week, which each takes a few hours. The company's installed capabilities of black steel pipes and galvanized steel pipes are 300,000 tons per annum and 50,000 tons per annum, respectively.

In 2013, the actual production capabilities were approximately 273,829 tons for black steel pipes and 21,188 tons for galvanized steel pipes. The Company's major raw material of producing steel pipes is hot rolled coil, which accounts for approximately 98% of total raw materials purchased.

According to the Company's policy, which highly emphasizes on product quality and prompt delivery, raw materials quality and trusted suppliers are the most crucial factors when purchasing raw materials. The Company also regularly evaluates the suppliers' performance. At present, 70%-80% of consumed HRC is from domestic source namely Sahaviriya Steel Industries Plc. and domestic retail traders.

Inventory Management

The Company has the policy in the inventory management, both raw material and finished goods, as a flexible manner. We manage our inventory based on the current economy situation. Our experienced management will closely monitor, analyze, and estimate the future demand in order to adjust the optimum quantity of inventory to support the market.



Business Goals

The Company aims to secure the leading position in the domestic market through its high product quality, vast product variety and superior delivery. To achieve such objective, the Company has emphasized aggressively on the continuous development of product quality and the promotion of "Pacific Pipe" brand in order to be internationally recognized and accepted as a world class steel pipe manufacturer. In addition, the Company has increasingly focused on large steel pipes for contractions. Also, the Company is determined to expand its customer base to retail customers throughout the country by improving our distributing network through establishing more distribution centers in several strategic areas.

Risk Factors

The Fluctuation of Raw Material and Product Prices Risk

The Company's main raw material is hot-rolled coil which varies in relation to the global steel price. This risk is the most important because the Company may encounter some risk which affect from the movement of the hot-rolled coil price. The movement impacts the Company in both directions, positive and negative. Moreover, the Company may encounter the loss from diminutive in value of raw materials if the price decreases dramatically. The fluctuation of raw material and price products arose from external risk and beyond the control of the Company. The Company has set a policies (1) closely monitoring world steel price and procuring raw material with more prudence (2) controlling inventory at the appropriate level.

Risk of economic condition in domestic and overseas

The global economy began to recover from the global economic crisis in both Europe and the U.S.. Moreover, in Asian countries are in the blooming stage. Therefore, we believed that the global steel industry has passed the bottom and now is in the turnaround story. On the other hand, Thai's economy in this year is facing the slower growth. Even though, Global shows the good signal, the domestic market might have higher competition.

From one of the Company's competitive advantages are quality control and the product variety, the measure to reduce the risk were (1) retain existing customers that emphasize using quality products. (2) Breaking a variety of customer groups and can expand production to meet a variety of needs from customers. This is an advantage if compared with the production company that has a specific item group.

From these reason shows that the company has the flexibility of operation in order to accommodate changes and respond to the needs of the market quickly. (3) Increasing production efficiency to decrease cost of production. (4) Stressing customer service by prompt delivery.

The Exchange Rate Risk

Since the Company imports some of the raw materials from oversea and exports its products to overseas customers, the Company may encounter the risk from the exchange rate volatility. However, since most of the import and export are set in the US dollars and most of the Company's imported raw materials are used to manufacture products for exporting, the exchange rate risk is then prevented through the natural hedge. Moreover, the company also has introduced financial instruments such as Forward and Option to reduce such risks as well.

The Interest rate Risk

Due to the economic uncertainty, the Company may encounter risk from the interest rate volatility which impacts both positive and negative to the Company. However, the Company expects such risk to be insignificant as all the Company's loans are short term.

Risk Related to Credit

Trade receivables are money owed to the Company by customers who buy merchandises with a condition to make payment within the agreed period, so the Company may take risks from payment failures or late payment. To mitigate the risks, the Company has set credit lines based on purchasing demand and payment ability of customers. The credit lines require written approval of authorized executives.

Thai's Politics uncertainty

Thai's politic uncertainty has directly impacted investments in country because it affects the investor confidence. If the situation is uncertainty, the investors will delay or postpone the projects. On the other hand, if the situation is stable, the investment projects will initiate rapidly from not only the public but also the government.

Risk related to the influence of major shareholder

Tang Mong Seng Holding Company Limited and its founders held 71.08% stakes in the Company. This enables Tang Mong Seng to gain almost absolute control over the resolution of shareholders' meeting in the matter of director appointment or other issues, which require majority vote from shareholders' meeting, but except for the issues that is required by laws or related rules to have minimum of 75% vote.

The risk from natural disasters

The company is aware of the importance of risk from a variety of natural disasters. The company has made Business Continuous Planning: BCP to prepare if the disasters that may occur such as flood and fire, etc. and reviewed and rehearsed plan regularly.

Project Risk Management

Due to the company has planned to invest in the large investment so the company adopted the project management process to achieve the project's target in both cost effectiveness and timeline management. The implementation by prepare the Feasibility Study and control proper use of the budget as well as providing staff with specific expertise to the project to reduce the risk of project management.

Connected Transaction

1. Rental Land of Distribution Center at Bangna - Trad km. 29

The Board of Directors' meeting no. 4/2004 dated on July 21st, 2004 passed the resolution allowing the Company rented the land for constructed distribution center in the area of 22 rais 22 square wah and adjust the rental rate in every 3 years. Landowner is Mr. Vichai Lekapojpanich which is the brother of Mr. Somchai Lekapojpanich, Managing Director and Mr. Prayoon Lekapojpanich, Chairman at that time.

The Board of Directors' meeting no.8/2005 dated on August 10th, 2005 passed the resolution to consent the lessor, namely Mr.Vichai Lekapojpanich sold part of land at Bangna Trad to Mr.Prayoon Lekapojpanich according to the formally requested of his letter. The Company decided not to purchase the outright because the Company didn't add the burden of investment besides the conditions of lease dated on 1st September, 2004 didn't change. After careful consideration, the Board of Directors unanimously agreed that the company would not in any way be disadvantaged by the lessor's decision to sell part of the land so the lessor has been changed from Mr.Vichai Lekapojpanich to a group of persons led by Mr.Prayoon Lekapojpanich.

Regard to the conflict of interest, Mr.Somchai Lekapojpanich and Mr.Prayoon Lekapojpanich did not attend this meeting and their votes were recorded as abstentions.

Rental rate Summary since 2004 - Present

- > Since 1st September, 2004 - 31st August, 2007, rental rate was 1,200,000 Baht per year.
- > Since 1st September, 2007 - 31st August, 2010, rental rate was 1,200,000 Baht per year.
- > Since 1st September, 2010 - 31st August, 2013, rental rate was 1,320,000 Baht per year.
- > Since 1st September, 2013 - 31st August, 2014, rental rate is 1,500,000 Baht per year.

The rental rate is considered by the Audit Committee and The Board of Director, respectively. Regard to this agenda, the directors who have the conflict of interests (Executive Directors who is in the group of the Lekapojpanich) did not attend and their votes were record as abstentions. The rental rate method is on page 20

Rental Land of Bangna - Trad Km.29 is summarized as follow:

Parties Involved	Relationship	Rental period	Rental rate
Lessee Pacific Pipe PLC. (PAP)	> Mr.Prayoon Lekapojpanich and together with his related person held to 5.80% stake of the Company.	10 Years since Sep. 1 st 2004 - Aug. 31 st 2014	1,500,000 Baht
Lessor Mr.Prayoon Lekapojpanich and Mr.Vichai Lekapojpanich	> Mr.Vichai Lekapojpanich and together with his related person held to 10.22% stake > They are brother.		

2. Rental Land of Distribution Center at Lad Lum Kaew

The Board of directors' meeting no. 3/2005 dated on March 16th, 2005 passed the resolution allowing the Company rented the land at Bang Bua Tong - Supanburi road (highway number 340, between km.32- km.33), Tambol Namai, Amphur Lad Lum Kaew, Pratumthani Province from a group of person led by Mr.Somchai Lekapojpanich (The landowner are Mr.Somchai Lekapojpanich and Mr.Prayoon Lekapojpanich) which constructed the distribution center in the area of 25 rais 2 ngan 31 square wah, the rental rate is active when the construction is started and adjust every 3 years. In May 2007, the Company started to construct the distribution center; the rental rate was calculated from May 2007 onwards.

Rental rate summary since 2005 - Present

- > Since 1st July, 2005 - 30th June, 2008, rental rate was 1,500,000 Baht per year.
- > Since 1st July, 2008 - 30th June, 2011, rental rate was 1,650,000 Baht per year.
- > Since 1st July, 2011 - 30th June, 2014, rental rate is 2,000,000 Baht per year.

The rental land rate is considered by the Audit Committee and The Board of Director, respectively. Regard to this agenda, the conflict of interests (Executive Director in the group of the Lekapojpanich) did not attend and their votes were record as abstentions. The rental rate method is on page 20

Rental Land of Lad Lum Kaew is summarized as follow:

Parties Involved	Relationship	Rental period	Rental rate
Lessee Pacific Pipe PLC. (PAP)	> Mr.Prayoon Lekapojpanich and together with his related person held to 5.80% stake of the Company.	10 Years since Sep. 1 st 2004 -	2,000,000 Baht
Lessor Mr.Prayoon Lekapojpanich and Mr.Somchai Lekapojpanich	> Mr.Somchai Lekapojpanich and together with his related person held to 10.91% stake of the	Aug. 31 st 2014	
	> Mr.Somchai Lekapojpanich is the Chairman and Chief Executive Officer.		
	> They are brother.		

A process for changing a calculation method for land rental fee

The Company has leased the land around Bangna-Trad Road, km 29. from a group of person led by Mr. Prayun Lekhapothpanit and/or Mr. Vichai Lekhapothpanit that is due for every 3 year rental rate adjustment according to the original lease dated on 1st September 2004. Due to the Board of Director no.9/2007 dated on 12nd Sep, 2007 passed the resolution allowing the Company to change the calculation method for rental fee of three centers, which are the distribution center at Bangna Trad, the distribution center at Lad Lum Kaew, and the large steel pipe plant at Samutsakorn Industrial Estate. This decision was due to the request from Mr.Vichai Lekapojpanich, the landlord. Mr.Vichai lekapojpanich had filed the letter to the Company calling for setting the calculation method for rental fee using at Samutsakorn Industrial Estate. Withal, it must be noted that Mr.Somchai lekapojpanich and Mr.Prayoon Lekapojpanich did not attend this meeting and their votes were recorded as abstentions.

After thorough consideration, the Board of Directors has agreed to change a calculation method for land rental fee with reasons as follows;

1. To appraise the fair rental basing on the appropriately current market rate, rather on the initial fair rate.
2. To make the yield (of a 3 - year government bond from Thai BMA), used in the calculation of the fair rental rate, which vary each bank, of either Thai Military Bank or other commercial banks.
3. For the Board of Directors to receive valuable and objective opinions about rental rates proposed from three renters from independent appraisals, and to utilize such information to set up a fair and appropriate rental rate that will provide the greatest benefit to the Company.
4. For the Board of Directors to have the most reliable information to best fairly set up the rental rate for the greatest good of the Company.

5. To standardize the criteria and method for calculating rental fee. This is not only for the greatest good of the Company, but also for three land renters, who are major shareholders of the Company, to receive the best and the most reasonable benefits. The Board of Directors has agreed on the calculation method for rental fee. The details are as follows;

5.1 Timing the fair value of such land, which is appraised by two independent appraisals who are qualified according to the regulations of the Stock Exchange Commission of Thailand, with the three-year government bond's yield on the due date of each renewal interval. (Information about government bond's yield must be from a Thai BMA.)

5.2 Evaluating the rental rate by using the current market rate, which is appraised by two independent appraisals who are qualified according to the regulations of the Stock Exchange Commission of Thailand.

5.3 Item 1 and item 2 are used as criteria for the board of directors to renew the rental rate.

3. Lease office space on 24th floor of Lumpini Tower by Tamose Trading Co., Ltd (subsidiary)

At the meeting of the Company's Board of Directors No.6/2007 on June 20th, 2007, it resolved Tamose Trading Co., Ltd ("Tamose") to lease condominium units address 1168/68-69, 24th floor, Lumpini Tower Building, Rama 4 Road, Tungmahamek, Sathorn, Bangkok for the office as space of the unit address 1168/74, 26th floor, Lumpini Tower Building where Tamose rented from Pacific Pipe PCL as the office is not sufficient for business expansion. Mr. Prayoon Lekapojpanich and Mr.Somchai Lekapojpanich were absent and abstain from voting in this agenda as both are directors of Tang Mong Seng Holding Co., Ltd., which is the major shareholder of Pacific Pipe PCL. Both are then considered as connected persons and persons with vested interest as prescribed by the Stock Exchange of Thailand.

As of 31st July, 2013 was due to adjust the rental fee office units, address 1168/68-69, 24th floor, Lumpini Tower Building, Rama 4 Road, Tungmahamek, Sathorn, Bangkok. The Board of Directors' meeting no. 4/2013 dated on June 25th, 2013 approved the rental rate of 380 baht per square meter per month for a period of 3 years since August 1st, 2013 to July 31st, 2016.

The rental transaction could be summarized as follows:

Parties Involved	Relationship	Rental period	Rental rate
Lessee	> Tang Mong Seng Holding Company Limited	3 Years since	3,157,800 Baht
Tamose Trading Company Limited (TMS)	holds 39.05% stake of PAP's paid-up capital.	Aug. 1 st , 2013 -	
	> Mr.Somchai Lekapojpanich is a director of	Jul. 31 st , 2016	
Lessor	Pacific Pipe Pcl. And Tang Mong Seng Holding Co.,Ltd		
Tang Mong Seng Holding Company Limited. (MH)			

4. Borrowing between related parties

4.1 Between Meesup Transport Company Limited and Tang Mong Seng Holding Co., Ltd.

The meeting of the Board of Directors No.3/2010 dated on May 13th, 2010 approved the borrowing money in the total of 10 Million Baht from Tang Mong Seng Holding Co., Ltd. with a 3-year term starting from May 31st, 2010 to May 30th, 2013 with the condition to paid principle and interest at the end of every month. By interest rate Of 4.50 % per year.

Transaction date	May 31 st , 2010
Borrowing amount	10,000,000 Baht
Interest rate	4.50% per year
Condition	is paid capital and interest at the end of every month
Paid up interest	16,615.89 (as of May 30 th , 2013)
End date of contract	May 30 th , 2013

4.2 Between Pacific Pipe Public Company Limited and Tang Mong Seng Holding Co., Ltd.

The meeting of the Board of Directors No.5/2012 on July 18th, 2012 approved the borrowing money in the total of 75 -Million Baht from Tang Mong Seng Holding Co., Ltd. with 1-year term starting from July 20th, 2012 to July 19th, 2013 with the condition to paid principle and interest at the end of every month. By interest rate Of 4.00 % per year.

Transaction date	July 20 th , 2012
Borrowing amount	75,000,000 Baht
Interest rate	4.00 % per year
Condition	is paid capital and interest at the end of every month
Paid up interest	1,650,000 (as of July 19 th , 2013)
End date of contract	July 19 th , 2013

4.3 Between Pacific Pipe Public Company Limited and Tang Mong Seng Holding Co., Ltd.

The meeting of the Board of Directors No.4/2013 on August 25th, 2013 approved the borrowing money in the total of 100 Million Baht from Tang Mong Seng Holding Co., Ltd. with 5 year term starting from July 2nd, 2013 to July 1st, 2018 with the condition to paid interest monthly, and the principal will be paid when maturity of the loan agreement is due. By interest rate of MLR-1.5% (MLR rate of Kasikorn Bank Public Company Limited) which, on the date that the interest rate of MLR was 7%.

Transaction date	July 2 nd , 2013
Borrowing amount	100,000,000 Baht
Interest rate	MLR (KBANK) -1.5%
Condition	Payment is made in cash by paying interest monthly, and the principal will be paid when maturity of the loan agreement is due.
Paid up interest	2,510,273.98 Baht (As of December 31 st , 2013)
End date of contract	July 1 st , 2018

Potentials of future connected transactions

The related transactions possibly incurred in the future are subjected to 2 categories, which include normal business transaction and extraordinary transaction. The procedures of transaction approval of any related transactions are as follow:

1. Normal business transaction

Normal business transaction includes selling and purchasing transaction, which occurs in continuous basis. Therefore, the company has established guideline and procedures when dealing with such transactions, for instance, using market price or fair price as a benchmark. This guideline was proposed and approved by the Company's audit committee. Moreover, an audit committee also conducts quarterly reviews to ensure that the Company conforms to the guideline.

2. Extraordinary transaction

When dealing with any extraordinary transactions, the Company will request opinion in relation to reasonableness of the transaction from an audit committee. If the expertise in certain areas is necessary, the Company will seek independent opinion from external specialists such as auditor, land appraisal and legal advisor. The opinion of audit committee and/or other expertise will be incorporated in decision making process of the Board of Directors and/or shareholders depending upon the related rule and regulatory



Board of Directors (as of January 1st, 2014)



Pol. Gen. Wichean Potephosree
Chairman



Mr. Somchai Lekapojpanich
Vice Chairman



Mr. Somkiat Jitvutthichod
Independent Director and
Chairman of Audit
Committee



Mr. Surin Wanpensakul
Independent Director,
Director of Audit Committee
and Chairman of
Remuneration Nomination
and Corporate Committee



Miss Piyanus Chaikajornwat
Independent Director,
Director of Audit Committee
and Chairman of Risk
Management Committee



Dr. Somchai Hanhiran
Independent Director and
Director of Remuneration
Nomination and Corporate
Committee



Mr. Kriengkrai Rukkulchon
Independent Director and
Director of Remuneration
Nomination and
Corporate Committee



Mr. Charin Hansuebsai
Independent Director



Miss Viriya Ampornapakul
Executive Director,
Director of Risk Management
Committee and Company
Secretary



Miss Sunisa Kwanbunbumphen
Executive Director



Miss Thitima Vattanasakdakul
Executive Director and
Director of Risk
Management Committee

Management Team (as of January 1st, 2014)



Mr. Somchai Lekapojpanich
Chief Executive Officer



Miss Viriya Ampornapakul
Chief Financial Officer (Managing Director)



Miss Thitima Vattanasakdakul
Chief Operating Officer



Miss Sunisa Kwanbunbumphen
Business Relations Director



Mr. Nantawat Sathirachaiyawit
Engineering Director



Mrs. Phathra Chanyavilas
Marketing Director



Mr. Pert Leevilaikulrat
Assistant Director

Directors and Management Team (as of January 1st, 2014)

Pol. Gen. Wichean Potephosree

Age 60 years

Position : Chairman

Appointed Date

- [1st] January 1st, 2009 to August 11st, 2010
- [2nd] May 14th, 2013

Family Relationship among Management

- -None-

Education

- Master of Public Administration, National Institute of Development Administration (Nida)
- Master of Business Administration, Kasetsart University
- Master of Arts (Economic Law), Chulalongkorn University

Training from Thai Institute of Directors Association (IOD)

- 2004 Certificate, Director Certification, Program (DCP 46/2004)
- 2004 Certificate, Audit Committee Program (ACP 2/2004)

Work Experience in the past 5 years

- Jan. 2013 - Oct. 2013 Director, Thai Airway International Public Company Limited
- 2012 - 2013 Permanent Secretary, Ministry of Transport
- 2011 - Jun. 2013 Chairman, Expressway Authority of Thailand
- 2011 - 2012 Secretary, Office of The national Security Council
- 2010 - 2011 Commissioner General
- 2009 - 2010 Independent Director, Pacific Pipe Public Company Limited

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies : -None-

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Mr. Somchai Lekapojpanich

Age 54 years

Position : Vice Chairman and Chief Executive Officer

Appointed Date

- March 17th, 2004

Family Relationship among Management

- -None-

Education

- Master of Business Administration, Chulalongkorn University
- Bachelor of Mechanical Engineer, King Mongkut's Institute of Technology North Bangkok

Training from Thai Institute of Directors Association (IOD)

- 2004 Certificate, Director Accreditation Program (DAP 13/2004)
- 2009 Certificate, Role of the Chairman Program (RCP 21/2009)

Work Experience in the past 5 years

- 2008 - 2009 President, Metal Tube and Cold - Forming Steel Association

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies :

- 1999 - Present Director, Tamose Trading Company Limited (Subsidiary)
- 1996 - Present Director, Meesup Transport Company Limited (Subsidiary)

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Mr. Somkiat Jitvutthichod

Age 56 years

Position : Independent Director and Chairman of Audit Committee**Appointed Date**

- March 17th, 2004

Family Relationship among Management

- -None-

Education

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Bachelor of Law, Thammasat University

Training from Thai Institute of Directors Association (IOD)

- 2004 Certificate, Director Accreditation Program (DAP 11/2004)
- 2004 Certificate, Audit Committee Program (ACP 2/2004)
- 2005 Certificate, Director Certification Program (DCP 53/2005)
- 2012 Certificate, Chartered Director Class (CDC 6/2012)

Other Trainings

- The Professional of Advisor, The Institute of Social and Economic Policy (ISEP)
- Mini MBA in Marketing, University of the Thai Chamber of Commerce
- Management Problem Solving and Decision Making Program from Kepner - Tregoe International Princeton, New jersey, U.S.A.

Work Experience in the past 5 years

- 2009 - 2012 Director of Compliance, the Thai Credit Retail Bank and Credit Review - Department Public Company Limited
- 2004 - 2008 Vice President Compliance & Audit Department, CIMB Thai Bank Public Company Limited

Current Director Position in Other Organization

In listed companies :

- 2007-Present Independent Director and Chairman of Audit Committee, Peerapat Technology Public Company Limited

In non-listed companies : -None-

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Mr. Surin Wanpensakul

Age 50 years

Position : Independent Director, Director of Audit Committee and Chairman of Remuneration Nomination and Corporate Committee**Appointed Date**

- March 17th, 2004

Family Relationship among Management

- -None-

Education

- Master of Business Administration, Chulalongkorn University
- Bachelor of Accounting, Thammasat University

Other Qualifications

- CPA (Thailand) Federation of Accounting Professions

Training from Thai Institute of Directors Association (IOD)

- 2003 Certificate, Director Accreditation Program (DAP 1/2003)

Work Experience in the past 5 years

- 2007 - 2012 Chairman of Remuneration/ Nomination Committee, Pacific Pipe Public Company Limited

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies :

- 2013 - Present Director, T-World Company limited
- In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Miss Piyanus Chaikajornwat

Age 38 years

Position : Independent Director, Director of Audit Committee and Chairman of Risk Management Committee

Appointed Date

- June 12nd, 2008

Family Relationship among Management

- -None-

Education

- Master of Science (Management), Assumption University
- Bachelor of Business Administration (Marketing Management), Assumption University

Training from Thai Institute of Directors Association (IOD)

- 2009 Certificate, Director Accreditation Program (DAP 77/2009)

Work Experience in the past 5 years

- 2006 - Present Import & Export Manager, Victory Industrial Company Limited

Current Director Position in Other Organization

In listed companies: -None-

In non-listed companies :

- 2006 - present Director, Clover Enterprises Company Limited

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Dr. Somchai Hanhiran

Age 56 years

Position : Independent Director and Director of Remuneration Nomination and Corporate Committee

Appointed Date

- January 1st, 2009

Family Relationship among Management

- -None-

Education

- Doctor of Philosophy of Economics, Concordia University, Canada
- Master of Art (Economics), Queen's University, Canada
- Master of Economics Development, National Institute of Development Administration (NIDA)
- Bachelor of Economics, Thammasat University

Training from Thai Institute of Directors Association (IOD)

- 2009 Certificate, Director Accreditation Program (DAP 79/2009)

Other Trainings

- Senior Executive, Office of the Civil Service Commission
- National Defence College

Work Experience in the past 5 years

- May 2013 - Present Director-General, Office of Industrial Economics
- 2010 - Present Inspector, Ministry of Industry Thailand
- 2009 - 2010 Deputy Director, General Office of Industrial Economics
- 2007 - 2008 Director, Industrial Economics Information

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies : -None-

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Mr. Kriengkrai Rukkulchon

Age 57 years

Position : Independent Director and Director of Remuneration Nomination and Corporate Committee

Appointed Date

- April 20th, 2007

Family Relationship among Management

- -None-

Education

- Bachelor of Law, Ramkhamhaeng University
- Barrister at Law, Thai Bar Association The Institute of Legal Education

Training from Thai Institute of Directors Association (IOD)

- 2007 Certificate, Director Accreditation Program (DAP 6/2007)

Work Experience in the past 5 years

- 2007 - 2012 Director of Remuneration/Nomination Committee, Pacific Pipe Public Company Limited
- 2004 - 2008 Managing Director, Tato Company Limited
- 2002 - 2011 Managing Director, Accounting Pikanet Company Limited

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies :

- 2001 - Present Managing Director, Pikanet Company Limited
- 1998 - Present Managing Director, Proaction 2002 Company Limited

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Mr. Charin Hansuebsai

Age 68 years

Position : Independent Director

Appointed Date

- April 11st, 2011

Family Relationship among Management

- -None-

Education

- Master's Degree in Business Administration, University of Wisconsin - Madison, U.S.A.
- Bachelor's Degree in Political Science (Second honors), Chulalongkorn University
- High-level Executive Certificate, Class 18, Office of the Civil Service Commission
- Certificate of Government Organization Management and Laws, Class 2, King Prajadhipok's Institute

Training from Thai Institute of Directors Association (IOD)

- 2004 Certificate, Director Accreditation Program (DAP 26/2004)
- 2008 Certificate, Director Certification, Program (DCP 101/2008)

Work Experience in the past 5 years

- 2008 - Present Senator of Tak Province
- 2005 - 2008 Director, International Institute for Trade and Development

Current Director Position in Other Organization

In listed companies :

- 2007 - Present Audit Committee, Sahaviriya Plate Mill Public Company Limited
- 2005 - Present Audit Committee, Bangsaphan Barmill Public Company Limited

In non-listed companies :

- 2012 - Present Director, Ini 3 Digital Company Limited

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Miss Viriya Ampornapakul

Age 52 years

Position : Executive Director, Director of Risk Management Committee, Chief Financial Officer (Managing Director) and Company Secretary

Appointed Date

- [1st] March 17th, 2004 to April 19th, 2008
- [2nd] January 20th, 2009

Family Relationship among Management

- -None-

Education

- Master of Business Administration, Kasetsart University
- Bachelor of Business Administration, Ramkhamhaeng University

Training from Thai Institute of Directors Association (IOD)

- 2004 Certificate, Director Accreditation Program (DAP 13/2004)
- 2004 Certificate, Director Certification Program (DCP 48/2004)

Work Experience in the past 5 years

- 2004 - 2008 Financial Director, Pacific Public Company Limited

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies :

- 2006 - Present Director, Meesup Transport Company Limited (Subsidiary)
- 1999 - Present Director, Tamose Trading Company Limited (Subsidiary)

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Miss Sunisa Kwanbunbumpen

Age 57 years

Position : Executive Director and Business Relations Director

Appointed Date

- [1st] April 19th, 2008 to January 20th, 2009
- [2nd] April 23rd, 2010

Family Relationship among Management

- -None-

Education

- Master of Management (With President Award for Academic Excellence), Assumption University
- Bachelor of Art (French), Remkamhaeng University

Training from Thai Institute of Directors Association (IOD)

- 2008 Director Accreditation Program (DAP 72/2008)

Work Experience in the past 5 years

- 2010 - Present Director, The Federation of Thai Industrial.
- 2002 - Present Treasurer of Thai Iron and Steel Industry Club, The Federation of Thai Industries.

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies :

- 2004 - Present Director, Tamose Trading Company Limited (Subsidiary)

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Miss Thitima Vattanasakdakul

Age 33 years

Position : Executive Director, Director of Risk Management Committee and Chief Operating Officer

Appointed Date

- April 23rd, 2011

Family Relationship among Management

- -None-

Education

- Master of E-Commerce with Distinction Award, University of Wollongong, Australia
- Master of International Economics and Finance, Chulalongkorn University
- Bachelor of Finance, Chulalongkorn University

Training from Thai Institute of Directors Association (IOD)

- 2013 Certificate, Director Certification Program (DCP 177/2013)

Work Experience in the past 5 years

- 2010 - Jul. 2013 Production Director, Pacific Pipe Public Company Limited
- 2009 Business Development Director, Pacific Pipe Public Company Limited
- 2007 - 2008 Assistant Managing Director, Pacific Pipe Public Company Limited

Current Director Position in Other Organization

In listed companies : -None-

In non-listed companies :

- 2009 - Present Director, Meesup Transport Company Limited (Subsidiary)

In listed companies or other organizations that may cause any conflict of interest to PAP : -None-

Criminal offence record during the past 10 years

1. Never been sentenced by a judgment in criminal offence
2. Never been sentenced by a judgment to be bankrupt or insolvent
3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company

Mr. Nantawat Sathirachaiyawit

Age 55 years

Position : Engineering Director

Family Relationship among Management

- -None-

Education

- Master of Business Administration, Siam University
- Bachelor of Industrial Engineer, Rajamangala University of Technology

Work Experience in the past 5 years

- 2010 - May. 2013 Director, Pacific Pipe Public Company Limited
- 2009 - Present Director, Meesup Transport Company Limited (Subsidiary)
- 2008 - 2009 Production Director, Pacific Pipe Public Company Limited
- 1991 - 2007 Plant Director, Pacific Pipe Public Company Limited

Mrs. Phathra Chanyavilas

Age 50 years

Position : Marketing Director**Family Relationship among Management**

- -None-

Education

- Master of Business Administration, Chulalongkorn University

Work Experience in the past 5 years

- 2008 Business Director, Organon (Thailand) Company Limited

Mr. Pert Leevilaikulrat

Age 35 years

Position : Assistant Director**Family Relationship among Management**

- -None-

Education

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Chulalongkorn University
- CPA (Thailand) Federation of Accounting Professions

Work Experience in the past 5 years

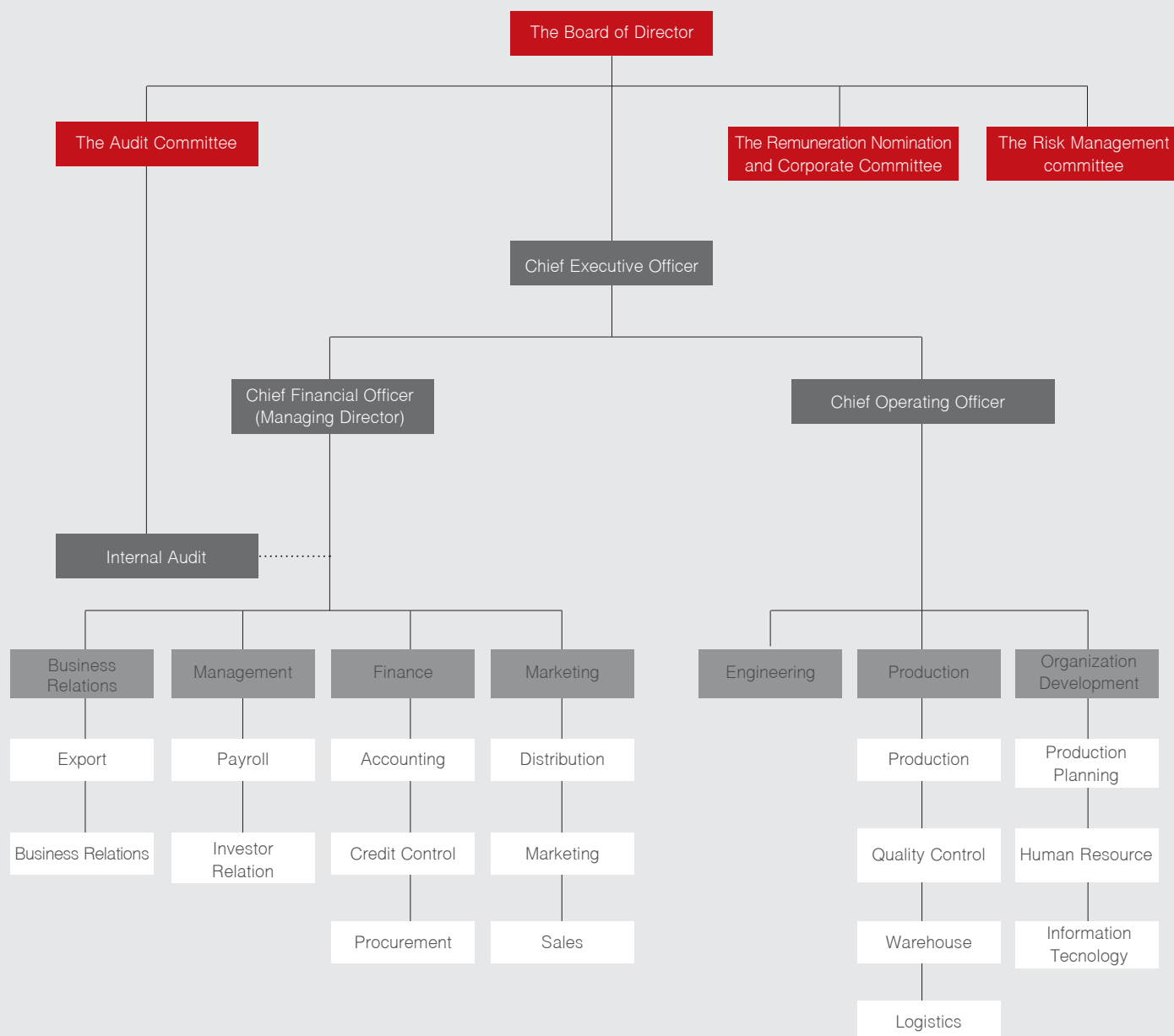
- 2008 - 2010 Accounting Manager,
Pacific Pipe Public Company Limited
- 2001 - 2008 Audit Manager, Price Waterhouse
Coopers ABAS Ltd.

Shareholdings of Directors and Management Team as at December 31st, 2013

		as at December 31 st , 2012			as at December 31 st , 2013		
		Held	Held by	Increase (decrease) during financial	Held	Held by	Percentage
Name		personally	spouses and minor children	year	personally	spouses and minor children	of shares held (%)
1.	Mr. Somchai Lekapojpanich	54,199,000	17,812,500	-	54,199,000	17,812,500	10.91%
2.	Mr. Somkiat Jitvutthichod	-	-	-	-	-	-
3.	Mr. Surin Wanpensakul	-	-	-	-	-	-
4.	Miss Piyanus Chaikajornwat	200,000	-	(200,000)	-	-	-
5.	Dr. Somchai Hanhiran	-	-	-	-	-	-
6.	Mr. Kriengkrai Rukkulchon	300,000	-	1,191,400	1,491,400	-	0.23%
7.	Mr. Charin Hansuebsai	-	-	-	-	-	-
8.	Pol.Gen.Wichean Potephosree	-	-	-	-	-	-
9.	Miss Viriya Ampornapakul	3,400,000	-	-	3,400,000	-	0.52%
10.	Miss Sunisa Kwanbunbumphen	3,100,000	-	50,000	3,150,000	-	0.48%
11.	Miss Thitima Vattanasakdakul	-	-	-	-	-	-
12.	Mr. Nantawat Sathirachaiyawit	5,000,000	-	-	5,000,000	-	0.76%
13.	Mrs. Phathra Chanyavilas	-	-	-	-	-	-
14.	Mr. Pert Leevilaikulrat	-	-	-	-	-	-

Note : Pacific Pipe Public Company Limited has a registered capital of 660,000,000 Baht and paid-up capital of 660,000,000 Baht (660,000,000 shares).

Organization Chart



Shareholding and Management Structure

Shareholder

List of Major shareholders as of December 27th, 2013

Name of shareholders		No. of Share (share)	Percentage
1.	Tang Mong Seng Holding Company Limited ^{/1}	257,762,500	39.05
	Lekapojpanich Group ^{/2}	241,454,500	36.58
	Mrs. Pranee Koowuttayakorn	13,832,300	2.10
2.	Thai NVDR Company Limited	25,998,200	3.94
3.	Mr. Nantawat Sathirachaiyawit	5,000,000	0.76
4.	Mr. Chuvit Jittarasakul	3,434,000	0.52
5.	Miss Viriya Ampornnapakul	3,400,000	0.52
6.	Mr. Peter Eric Dennis	3,310,600	0.50
7.	Miss Sunisa Kwanbunbumphen	3,150,000	0.48
8.	Mr. Chaikut Chardsakulasak	2,301,400	0.35
9.	Mr. Anurak Bhunsawang	2,072,000	0.31
10.	Mr. Bunjong Yuthong	2,000,000	0.30
Total		563,715,500	85.41

Note: /1 Tang Mong Seng Holding Company Limited has the shareholders consist of Mr.Prayoon Lekapojpanich and his spouse, Mr.Somchai Lekapojpanich and his spouse, Mr.Vichai Lekapojpanich and his spouse and Mrs.Sumon Lekapojpanich.

/2 The details of shareholding of the Lekapojpanich Group is;

Name of shareholders		No. of Share (share)	Percentage	Note
1.	Mr. Somchai Lekapojpanich	54,199,000	8.21	Name No. 1 - 7 as a shareholder of Tang Mong Seng Holding Company Limited.
2.	Mr. Vichai Lekapojpanich	49,528,000	7.50	
3.	Mrs. Sumon Lekapojpanich	33,750,000	5.11	
4.	Mr. Prayoon Lekapojpanich	20,450,000	3.10	
5.	Mrs. Sukanya Lekapojpanich (is Khun Vichai's spouse)	17,902,500	2.71	
6.	Mrs. Sasidhon Lekapojpanich (is Khun Prayoon's spouse)	17,812,500	2.70	
7.	Mrs. Sumalee Lekapojpanich (is Khun Somchai's spouse)	17,812,500	2.70	
8.	Miss Wareeya Lekapojpanich	15,000,000	2.27	
9.	Miss Wanalee Lekapojpanich	15,000,000	2.27	
Total		241,454,500	36.58	

Dividend Payment Policy and Dividend Payment

The Company has determined to create sustainable economic growth and enhance the competitiveness to increase the value to the shareholders in the long term. The Company has a policy to pay the shareholders the dividend at the rate of no less than 40 per cent of the net profit after withholding reserves according to the law. Nonetheless, such dividend payment can be changed, depending on the Company's performance, financial status and investment plan.

In year 2013, the Company paid the dividend payment to Shareholders according to the resolution of the Annual General Meeting of shareholders dated on April 23rd, 2013 at the rate of Baht 0.25 per share or 75.76% from the net profit of financial statement of the year 2012 ended December 31st, 2012 (The Company Only). The dividend payment was on May 9th, 2013.

The Company Director Structure

Pacific Pipe Public Company Limited consists of 4 committees which are

1. The Board of Director
2. The Audit Committee
3. The Remuneration Nomination and Corporate Committee
4. The Risk Management Committee

1. The Board of Director

The board of director as of January 1st, 2014 consists of 11 directors divide to 7 independent directors and 4 executive directors, namely;

1. Pol.Gen.Wichean	Potephosree	Chairman
2. Mr. Somchai	Lekapojpanich	Vice Chairman
3. Mr.Somkiat	Jitvuthichod	Independent Director and Chairman of Audit Committee
4. Mr.Surin	Wanpensakul	Independent Director, Director of Audit Committee and Chairman of Remuneration Nomination and Corporate Committee
5. Miss Piyanus	Chaikajornwat	Independent Director, Director of Audit Committee and Chairman of Risk Management Committee
6. Dr.Somchai	Harnhiran	Independent Director and Director of Remuneration Nomination and Corporate Committee
7. Mr.Kriengkrai	Rukkulchon	Independent Director and Director of Remuneration Nomination and Corporate Committee
8. Mr.Charin	Hansuebsai	Independent Director
9. Miss Viriya	Ampornnapakul	Executive Director, Director of Risk Management Committee and The Company secretary
10. Miss Sunisa	Kwanbunbumphen	Executive Director
11. Miss Thitima	Vattanasakdakkul	Executive Director and Director of Risk Management Committee

Note : Director No. 2, 9, 10 and 11 are authorized directors which is required to have the two Co-signatures and affix with the Company's seal.

Scope of Duties and Responsibilities of the Board of Directors

The board of directors shall perform their duties in good faith in accordance with the laws, objectives, and articles of Association and resolution of the shareholders' meeting of the Company except in particular matter that the resolution of the shareholders' meeting is required, for instance, entering into a connected transaction, acquisition or sale of major assets under the SET regulations or regulations of other government agencies. The details of roles and duties of the Board of Directors are shown in Corporate Governance Policy which is on page 47

The Company secretary

The board of director appointed Miss Viriya Ampornnapakul
The main responsibilities of a Company Secretary are to support the work of the Board of director in the relevant with rules and regulations. For specific responsibilities of the Company Secretary are as follow;

1. Introduction to the Committee on legal, rules and regulations of the company, the Board of directors shall know and monitor compliance by properly and regularly including reporting the changes in legal definitions that are significant to the Committee.
2. To set the meeting of shareholders and the Board of Directors, in accordance with the law, the company's regulations and other best practices.
3. Provide the minute of shareholders meeting and the Board of Directors' meeting including monitoring compliance with resolutions at the Annual General Meeting of shareholders and at the meeting of the Board of Directors.
4. Provide the Annual Reports of the Company, notice of the shareholders' meeting and the Board of Directors meeting and the minute of meeting.
5. Responsible to disclose the Company information, report, in accordance with the relevant laws and regulations.
6. Contact and communicate the rights of shareholders to the shareholders.

2. The Audit Committee

The Audit Committee consists of 3 independent directors which have 3 terms of director since 4th March 2013 to 3rd March 2016 namely;

1. Mr.Somkiat	Jitvutthichod	Chairman of the Audit Committee
2. Mr.Surin	Wanpensakul	Audit Committee
3. MissPiyanus	Chaikajornwat	Audit Committee

The Audit Committees respectively at 1 and 2 have sufficient knowledge and experience that can serve to review the reliability of financial statements. The details of duties and responsibilities of the Audit Committee are shown in Good Corporate Governance which is on page 48. The audit committee appointed Mr. Naritchai Bhurepongsanond as the secretary of Audit Committee.

3. The Remuneration Nomination and Corporate Committee

The Remuneration Nomination and Corporate Committee consists of 3 independent directors which have 3 terms of director since 4th February 2012 to 4th February 2015, namely;

1. Mr.Surin	Wanpensakul	Chairman of Remuneration Nomination and Corporate Committee
2. Mr.Kriengkri	Rukkulchon	Remuneration Nomination and Corporate Committee
3. Dr.Somchai	Harnhiran	Remuneration Nomination and Corporate Committee

The details of duties and responsibilities of the Remuneration Nomination and Corporate Committee are shown in Good Corporate Governance which is on page 49. The remuneration nomination and corporate committee appointed Miss Nantana Lakkham as a secretary of the Remuneration Nomination and Corporate Committee.

4. The Risk Management Committee

The Risk Management Committee consists of 1 independent director and 2 executive director which have 3 terms of director since 23rd February 2012 to 23rd February 2015, namely;

1. MissPiyanus	Chaikajornwat	Chairman of Risk Management Committee
2. MissViriya	Ampornnapakul	Risk Management Committee
3. MissThitima	Vattanasakdakul	Risk Management Committee

The details of duties and responsibilities of the Risk management Committee are shown in Good Corporate Governance which is on page 49. The Risk Management Committee appointed Miss Siriya Thapimnang as the secretary of the Risk Management Committee.

The meeting attendance of Directors

The Meeting attendance of the directors in 2013 are as below:

		Attendance / Total of Meeting				
		The Board of Director	The Audit Committee	The Remuneration Nomination and Corporate Committee	The Risk Management Committee	The Annual General Meeting of Shareholders
1.	Mr.Somchai Lekapojpanich	8/8	-	-	-	1/1
2.	Mr.Somkiat Jitvutthichod	8/8	12/12	-	-	1/1
3.	Mr.Surin Wanpensakul	8/8	12/12	5/5	-	1/1
4.	Mrs.Piyanus Chaikajornwat	8/8	12/12	-	5/5	1/1
5.	Dr.Somchai Harnhiran	8/8	-	2/2	-	1/1
6.	Mr.Kriengkri Rukkulchon	8/8	-	5/5	-	1/1
7.	Mr.Charin Hansuebsai	8/8	-	-	-	1/1
8.	Pol.Gen.Wichean Potephosree	5/5	-	-	-	-
9.	Mr.Vichai Lekapojpanich	1/2	-	1/2	-	0/1
10.	MissViriya Ampornnapakul	8/8	-	-	5/5	1/1
11.	MissSunisa Kwanbunbumphen	8/8	-	-	-	1/1
12.	Mr.Nantawat Satirachaiyavit	2/2	-	-	-	1/1
13.	MissThitima Vattanasakdakul	6/6	-	-	5/5	-

- Note :
1. Due to the term of director, Mr.Vichai Lekapojpanich expired by rotation on April 23rd, 2013
 2. Miss Thitima Vattanasakdakul took the position of director instead of Mr.Vichai Lekapojpanich on April 23rd, 2013
 3. Mr.Nantawat Sathirachaiyawit resigned from the Board of Director on May 7th, 2013.
 4. Pol.Gen.Wichean Potephosree took the position of director instead of Mr.Nantawat Sathirachaiyawit on May 14th, 2013.
 5. Dr.Somchai Harnhiran took the position of the director in the Remuneration Nomination and Corporate Committee on May 14th, 2013.

The Nomination of directors and Executives

1. The Nomination of Independent Director

Qualification of the Independent Directors

An Independent Director is qualified and independent person according to the definition established by the Stock Exchange of Thailand, which are as follows:

1. Holding not more than 1 percent of paid-up shares of the Company, affiliated company, associated company or any juristic person who may have a conflict of interest. These include shares held by individuals associated with it.

2. Not to participate in business, not being an employee, staff member of advisor who receives a regular salary from the Company or controlling person of the Company, affiliated company, associated company or any juristic person who may have a conflict of interest for at least 2 years before the date of filing the request is allowed by Securities and Exchange Commission Thailand.

3. No business relation, no benefit or conflict of interest whether directly or indirectly both in finance and business

management of the Company, affiliated company, associated company or any person who has conflict of interest in a way that will cause loss of independence such as purchasing or selling raw material/ products/ service/ lending and loan amount.

4. Not being a person who has a blood relation or legal registered relationship in the way of fatherhood, motherhood, spouse, brother, sister, son or daughter, including spouse of son or daughter or executives, major shareholder, controlling person or person who are about to be nominated an executives or controlling person of the Company or its subsidiary.

5. Be a director who is not appointed as a representative to safeguard interest of the Company's directors, majority shareholders or shareholders who are related to the Company's majority shareholders. In addition, an independent director must feel free to give optional report work performance as required by his duties, free of any personal interest, benefit or position and free of the control of any party and does not act under the influence of any person or group of person including any circumstance by which pressure may be exerted and make an independent opinion impossible.

6. Not being or used to be auditor for the Company, affiliated company, associated company or any juristic person who may have a conflict of interest. And also not being a major shareholder, non-independent director, management or being part of manager of audit firm which has the auditor of the Company, affiliated company, associated company or any juristic person who may have a conflict of interest unless at least 2 year before the date of filing the request is allowed by Securities Exchange Commission Thailand.

7. Not being or used to be Consultant including legal consultant or financial consultant who earns consultant fee for more than 2 million Baht per annum for the Company, affiliated company, associated company or any juristic person who may have a conflict of interest. In case of the Consultant operates under juristic person, the Independent director shall not be the major shareholder, Nondependent director, Management or being a part of any juristic person who may have a conflict of interest for at least 2 years before the date of filing the request is allowed by Securities Exchange Commission Thailand.

The Nomination of Independent Director process

The Remuneration Nomination and Corporate Committee will serve to select qualified person in accordance with the requirements of the The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The qualified person must be a person who has knowledge, abilities, and appropriate experience, sufficient and consistent or support with benefits the company's business and have working experience and good ethics. The Remuneration Nomination and Corporate Committee will consider the number of director positions in other companies of the person who have been nominated, this is to complies with the corporate governance policies of the company. From the above mention of the qualification, the Remuneration Nomination and Coporate Committee will nominate to the Board of Director and the shareholder's meeting for consideration . Moreover the person who have been nominated must be able to devote time to attend the meeting on a regular basis and have courage to comment on the meeting.

2. The Nomination of directors

Remuneration Nomination and Corporate Committee will select individuals suitable for nomination both of knowledge and work experience which related company's business or support company's benefits in the future. Then, propose their names to a meeting of the Board of Directors and/or a shareholders' meeting for consideration as the case maybe. The qualified person must dedicate enough time for regularly meeting; have good background of work in the past and good ethic. Moreover the Company also considers the number of director position in other companies of each nominee because it may affect with director's duties when the nominee acts as company director.

3. The Nomination of Executives

Executive will consider and appoint person who have knowledge, abilities and appropriate experienced. In addition the Company prepares the successor plan for personnel who have good knowledge, abilities and ethic acts as the Company's management in the future.

Rights of Minor Shareholders in the Appointment of Company Directors

1. A shareholder shall have voting rights equal to the number of shares held.
2. Shareholders vote to appoint individuals director.
3. Those who receive the most votes are considered to be elected as directors, in the order of most votes received to least, up to the number of directors to be elected at that time. If two or more candidates receive the same number of votes for the position available, the Chairman of the meeting shall make the decision on which candidate is to be chosen.

Management Team

As of December 31st, 2013, the management team comprises of 7 persons as follows:

1. Mr. Somchai Lekapojpanich	Chief Executive Officer
2. Miss Viriya Ampornapakul	Chief Financial Officer (Managing Director)
3. Miss Thitima Vattanasakdakul	Chief Operating Officer
4. Miss Sunisa Kwanbunbumpen	Business Relations Director
5. Mr. Nantawat Sathirachaiyawit	Engineering Director
6. Mrs. Phathra Chanyavilas	Marketing Director
7. Mr. Pert Leevilaikulrat	Assistance of Director

Remuneration for Directors and Executives

1. Remuneration

Remuneration for Board of Directors :

For fiscal year ended December 31st, 2013, the Company paid the meeting allowance and gratuity to independent directors while the executive directors was paid only gratuity.

Director		Remuneration for Board of Directors (Baht)				Total
		The Board of Director	The Audit Committee	The Remuneration Nomination and Corporate Committee	The Risk Management Committee	
1. Mr.Somchai Lekapojpanich ^{/1}		240,000	-	-	-	240,000
2. Mr.Somkiat Jitvutthichod ^{/2}		400,000	300,000	-	-	700,000
3. Mr.Surin Wanpensakul ^{/2}		400,000	210,000	230,000	-	840,000
4. Mrs.Piyanus Chaikajornwat ^{/2}		400,000	210,000	-	230,000	840,000
5. Dr.Somchai Harnhiran ^{/2}		400,000	-	80,000	-	480,000
6. Mr.Kriengkri Rukkulchon ^{/2}		400,000	-	140,000	-	540,000
7. Mr.Charin Hansuebsai ^{/2}		400,000	-	-	-	400,000
8. Pol.Gen.Wichean Potephosree ^{/2}		260,000	-	-	-	260,000
9. Mr.Vichai Lekapojpanich ^{/3}		40,000	-	15,000	-	55,000
10. MissViriya Ampornapakul ^{/4}		120,000	-	-	45,000	165,000
11. MissSunisa Kwanbunbumpen ^{/4}		120,000	-	-	-	120,000
12. Mr.Nantawat Satirachaiyawit ^{/4}		40,000	-	-	-	40,000
13. MissThitima Vattanasakdakul ^{/4}		80,000	-	-	45,000	125,000
Total		3,300,000	720,000	465,000	320,000	4,805,000

Note : /1 Chairman / 2 Independent Director / 3 Director / 4 Executive Director

- Due to the term of director, Mr.Vichai Lekapojpanich expired by rotation on April 23rd, 2013

- Miss Thitima Vattanasakdakul took the position of director instead of Mr.Vichai Lekapojpanich on April 23rd, 2013

- Mr.Nantawat Sathirachaiyawit resigned from the Board of Director on May7th, 2013.

- Pol.Gen.Wichean Potephosree took the position of director instead of Mr.Nantawat Sathirachaiyawit on May 14th, 2013.

- Dr.Somchai Harnhiran took the position of the director in the Remuneration Nomination and Corporate - Committee on May 14th, 2013.

Remuneration for Executives : In 2013, the Company paid the remuneration to 7 executives in the total of 28,956,001 Baht which divided to salary and bonus

2. Other remuneration

Other remuneration for Board of Directors : - None -

Other remuneration for Executives : Provident fund in the total of 941,000 Baht.

Employee

As of December 31st, 2013 number of employees in the company's main line is as follows. (Excluding Executives)

Position	Quantity
1. Management	73
2. Logistic and warehouse	37
3. Engineering	61
4. Production	338
5. Organization Development	59
Total	568

Remuneration of employee (excluding Executives)

In 2013, the Company paid the remuneration to the employee (excluding Executives) in the total of 112,646,093.16 Baht which divided to salary, bonus and provident fund.

Corporate Governance Policy

Definition

The company's good corporate governance policy is based on the principle of The Organization for Economic Co-Operation and Development (OECD), and Principle of Corporate Governance Year 2006 by The Stock Exchange of Thailand and Securities and Exchange Commission Thailand.

A definition of the company's corporate governance is a system that provides a relevance structure of every group of stakeholder including the Board of Directors, managements, and shareholders. Also, the stakeholder must be treated with fairness and equality.

In addition corporate governance policy also includes management system and internal control of company to achieve goals for most of benefit to the shareholders in the long term. The company hold 4 principles to create confidence to related parties and as the basis of sustainable growth of the business such as transparency, integrity, accountability and competitiveness with the guidelines in practice divided into 5 categories as follow;

1. Right of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities

Section 1 Rights of Shareholders

1. Fundamental right

1.1 The company's Board of Directors defines the Company's good corporate governance policy with regard to shareholders' rights as defined by law which comprise of;

1.1.1 Rights to receive, transfer shares and share repurchase by the Company and rights to receive sufficient information on time via the communication channel provided by the company to enable the shareholders to consider the impact which may occur both of the Company and shareholders.

1.1.2 Rights to attend the shareholders' meeting, express opinions, recommendations and jointly consider the company's agenda items during the shareholders' meeting.

1.1.3 Rights to elect and deprive directors and approve the appointment of independent auditors.

1.1.4 Rights to the equally divided profits.

2. Entitle to receive information and express opinion in shareholders' meeting

2.1 The company aware of Thai and foreigners' shareholders, the company shall prepare the related documents of shareholders' meeting and memorandum in both of Thai and English.

2.2 The company gives an opportunity to shareholders for propose agenda item or submit questions in advance before the end of fiscal year via www.pacificpipe.co.th.

2.3 In the general meeting of shareholders' meeting, the Directors and financial executives, including the company's independent auditors will attend the meeting. The Chairman will allow all shareholders to question with enough time. The directors who involve in questions will explain all questions completely. The minutes of annual general meeting of shareholder is published within 14 days count from the meeting day via www.pacificpipe.co.th.

2.4 All compensation of the Board of Director is approved by the shareholders annually. The company will propose the criteria and methods with compared the compensation of the year before.

2.5 During the agenda of directors' appointment, the voting shall be conducted individually.

2.6 The company shall not add any agenda items which have not originally been included in such meeting without prior notification to the shareholders.

Section 2 Equitable Treatment of Shareholders

Attending the shareholders' meeting

1. The company publishes documents 30 days in advance in company's web site at www.pacificpipe.co.th before meeting and before sending documents to shareholders. For sending process, the company granted Thailand Securities Depository Co., Ltd. which is the registrar of company. All the documents are delivered to the shareholders meeting 21 days in advance before meeting.

2. The Company aware of the convenience of all shareholders and investor to attend the AGM Meeting such as the place of meeting and access to information through the company website. The Company details to shareholders bring necessary document to completeness in meeting for maintains rights to attendees by company's articles in the part of shareholder meeting. The company has attach proxies to shareholder who objectives and may authorize others to attend the meeting instead or authorize to company's independent directors. The shareholders can download the proxies via company's website at www.pacificpipe.co.th.

3. The company provides a chance for the shareholders to propose a person to position the company's director. For more information, the shareholders are able to visit the company's website at www.pacificpipe.co.th.

4. During every shareholder's meeting, the chairman shall inform the shareholders of the voting method and the number of the quorum and enable the shareholders to equally exercise the rights in expressing their opinions and recommendations. In addition, the chairman shall be entitled to use the voting ballot for the important agenda items and inform the meeting of the result of voting.

5. The company grants shareholders to vote in the agenda that is in pending and undetermined by vote.

The conflict of interest

The Board of Directors defines the measures to use of inside information in the Ethics and code of business conduct. This to prevent personnel used the inside information for private benefit in the wrong way. The details are as follow;

1. The conflict of interest

1.1 Should avoid any action which may cause the conflict of interest with company whether due to contact with relevant company's business, such as trade partners, customers, trade competitors or opportunity or Information that obtained by position to make personal advantage and competing with the company or perform other works which has an impact on employees' duties.

1.2 Should omit ownerships of trade competitors' shares if this ownership made employee act or omit on the employees' jobs or affected deeply to the work task. In the case that the employees hold the stocks before working at the company, before the company enter the same business, or by heritage, the employees must report to their chief.

1.3 The company's employees, who are part of the stakeholding are prohibit to enter any transactions on behalf of the company in order to prevent the conflict of interest that might be occurred.

1.4 Any business transactions on behalf of personal, family or any corporate that having stakeholding must disclose to the Company before involving the transactions.

1.5 Performing a job of subsidiaries will be allowed only by managements or directors approval. when an approval from the management is received. However, the company's employees must not perform a job from outside that would compete with the company or lead to the conflict of interest no matter it is a temporary or permanent job. Unless it is approved by the managements or directors.

1.6 When agenda items are raised during the meetings, any person with a conflict of interest shall temporarily leave the meeting to allow other attendees to consider, analyse and discuss the item without the influence of such person.

1.7 The Board and managements shall consider connected transactions between company and its subsidiaries or affiliates independently with prudence, honesty and ethically taking into account the company's benefits.

1.8 The Board of Director, managements must report a related transaction that relate to the company or subsidiaries' business management.

2. Use of inside information

Inside information is the data management operation which is the company's confidential information and undisclosed to the public. If disclosed, would affect the company or company's subsidiaries. Particularly affect the value of stock trading in the stock market. The Company employees and subsidiaries do not disclose inside information derived from their duties to others or not to seek advantage from inside information for yourself or make the company's benefits reduced.

2.1 Directors, managements and employees at all levels of the company are prohibited to use inside information which are essence and undisclosed to the public for their benefit or others until after 24 hours disclosing information to the public.

2.2 The company's employees shall maintain and trade privacy. Employee shall not disclose private information to the public or other unauthorized. Employee unless it is required by law, for court cases, or approve by Board.

2.3 The directors, managements, and the employees or person who related to the information are prohibited to disclose or transmit the company's information or secret to people who are not related to the information such as family, relatives and friends etc.

2.4 Unauthorized personnel shall not disclose the information. If any unauthorized person is asked to disclose information, a direct enquiry must be made to the authorized person to ensure the correctness and consistency of the disclosed information.

2.5 Do not give an advice about the company's securities trading unless it is related to a duty that is assigned from the company.

2.6 The company will release a notice of security trade forbidden during a financial statement making period both quarterly and yearly via the company internal communication to the directors, managements, and the employees. The notice will be valid until a security commonly trading day is announce in written form.

2.7 The directors, managements, and the employees up from a head of department, accounting officer, data analysis officer, and internal audit officer must prepare a report of security trade within 3 working days to an internal audit manager when a the company's security trade is occurred.

2.8 The directors, managements, and the employees up from a head of department, accounting officer, data analysis officer, and internal audit officer must quarterly report a security holding of their own and a related person as a rule of securities and exchange Act. To the internal audit manager.

Section 3 Role of Stakeholders

The practices with Customers

1. Deliver products that have quality standards under fairer conditions and on the basis of the obtained yield fairer to both parties.
2. All of employee must be dedicated, strive to develop quality products, service at a reasonable price in current situation, fair terms and conditions without any restriction of consumers' fundamental rights.
3. Contract compliance or conditions that agree strictly in case of unable to comply one of the criteria, must notify the partner and/or creditors in advance to joint consideration for solutions.
4. Keep customers confidentiality seriously unless the customer agrees to disclosure of written or legal including not use for the own benefit and the persons involved

The practices with Trade Competitors

1. All of employee operates its business by free and fair competition. Untruthful accusations libel, unreasonable or doubtful information to discredit competitors shall not be tolerated.
2. Not to seek the confidential information of trade competitors by the way is not honest or inappropriate such bribe to employees of competitors etc.
3. Do not damage the reputation of trade competitors by the accusation untrue and not to blame without information reasonably.

The practices with trade partner

1. Purchasing supply must have the audited procedure to provide transparency and maximum benefit.
2. The Company must conduct to trader partner with equality on the basis of fairer competition.
3. The company employee must procure products and services by consideration of needs, value, prices and quality. The employee must give accurate and equal information to trade partner without bias and no discrimination against trade partner including purchasing and supply concisely consistent with suited to the circumstances.
4. When contracting with trade partners, employee shall retain documents relevant to negotiations, drafting, contract making and contract monitoring as supporting evidence for a specific period.

5. The company employee must not to take advantage from purchasing supply. The employee must place neutral, not closely to trade partner if it cause influence decision with company's employee.

6. The employee shall strictly adhere to contractual agreements. If either the company or the trade partner should fail to comply with the agreed terms and conditions, or circumstances arise that render compliance impossible. The company employee shall report to their supervisor to seek corrective action.

The Practices with shareholders

The company is committed to creating sustainable business growth and ability to competitive to generate value added to shareholders in the long term by;

1. The Company has the dividend policy to pay the shareholders at the rate of no less than 40 percent of the net profit. The company currently reserves 10 percent the company's capital by law. In order that, such dividend payment can be changed, depending on the Company's performance, financial status and the company investment's plan.
2. To establish the Board of Director and sub-committee to approves the business direction, planning, objectives and budget. As well as to review the operation of the company, in accordance with the laws and relate regulations with consideration the highest interests of the company, shareholders including stakeholders.
3. Shareholders and stakeholders can report or complain to the director in anything that may cause damage to the company via;

Investor Relations Department	
Pacific Pipe Public Company Limited	
Address	: 1168/74 Floor 26 th
	Lumpini Tower Building, Rama IV Rd.,
	Bangkok 10120
Telephone	: (662) 679-9000
Facsimile	: (662) 679-9074
E-mail Address	: ir.dep@pacificpipe.co.th

Investor relations will collect reports or a complaint by shareholders to the Remuneration Nomination Corporate Directors who take the responsible in issue or complaint to investigate and report to the board of director.

The practices with creditor

The Company complies with the terms of the loan agreement and gives the accurate financial information including debt payments are paid promptly every times and follow the terms of the contract or agreed strictly. If the company should fail to comply with the agreed terms and conditions, the company shall inform to creditor in advance to joint consideration for solutions. In business negotiations should ignore any request or pay any benefits in dishonest trade.

The practices for the Community and Social Responsibilities

1. Take responsible and provide helps in aspects of environment, religious education, cultural arts as well as local custom and tradition where the company is located in.
2. Conduct activities and cooperate with the governments and community in order to enhance quality of life, social, community, and environment constantly.
3. Prevent accidents and control dispose of waste to be under acceptable standard level.
4. The Company foster awareness of individual social and environmental responsibilities in all personnel at all levels.

Policy on Observation of Human Rights and Labour Practice

1. Not support the enforcement of labor or prison labor and do not use physical punishment or threat from being abused or other punishment of physical abuse, sex, mental or verbal. This is the measures of discipline or control.
2. Against and do not use child labour by not hiring people under 15 years of age, no matter which of the objectives both of routines or during non-business hours including working with wages, and no pay.
3. The Company hires foreign workers legally under the labour law.
4. The company will recruit a person to be employed in various positions fairly and consideration of the qualifications of each position, education, experience and other requirements necessary for the job. The company treats its personnel equally without discrimination, regardless of race; religion; educational background, or other status that is not directly related to their working performance.

5. The company realizes the importance of employee and aware that employees as valuable resources which as the key of company's success. For these reason, the company give precedence, take care of employees and train any skills in working by;

5.1 To give the fair salary and appropriate with duties and responsibilities.

5.2 To organize orientation and give manuals to new employees to acknowledge and understand the benefits that the employee should receive, ethics and comply with Labor law strictly.

5.3 Focus on development and provide training to educate employees continuously to increase the potential for work efficiently and promote the employee to advance in careers by testing to get a promotion in each year.

5.4 Set up the provident fund to employee for supporting in saving account in long term for themselves and their family when employee resign, retire, disabled person or died.

6. Establish a Security Committee to maintain an environment that is secure against the life and property of the employee.

7. The company will keep the personal data of employees such as health history, biographies, resumes etc. The disclosure or transfer the personal data of employees to the public will have to get approval from that employee. The harassment is a disciplinary offense unless done according to the company regulations or law.

Policy on Occupational Safety, Health, and Working Environment

The Company recognizes an important of occupational safety, health, and working environment which is a basic responsibility of the company and affect to all employees including to others. The Company has established the policy as follows;

1. Occupational safety and good working environment maintenance are responsibilities of all employees to cooperative perform in order to afford safety to themselves, company, and related person.

2. The Company shall encourage all employees to understand and recognize occupational safety and health concern in their operation.

3. The Company recognizes an important of operational accident prevention.

4. The Company shall support and promote the improvement of working environment and working with safety and healthy.

5. The company will support and promote the activities of the security by training, provide the knowledge, review and practice as well as organizing various activities to create conscious in security work to the employee continuously and is always prepared.

6. The company will prepare and supply personal protective equipment that are high quality and standards to employees for their use and wear protection with appropriate for employees' work.

7. The company will monitoring for security and strict to ensure that the employees comply with the regulations about the company's security along with empathy, control staff to wear and use the equipment according to the protective that company has strictly defined.

8. Company treats all employees to participate in accident prevention and environmental protection. The company welcomes any feedback, comments of staff and be taken into account as well as improve, solve various defects with appropriate to achieve the most security to our employees

Policy on practice by using information technology and communication

1. The Company promotes and uses genuine device tools and programs that are legal copyright.

2. Employee shall not perform any act that might interfere with or cause disruption to others on the computer and Internet system in the office. Employee shall not use the computer system to release inappropriate information that is against the law, morality, culture or tradition; e.g., causing damage to reputation or property, propagating pornography, disrupting mail forwarding that are interruption.

3. Employee shall safeguard their passwords and not disclose them to others to prevent unauthorized access to the computer system. Accessing unfamiliar websites should be avoided since it may cause damage to the computer system.

4. In case of the employee request access to the company information technology system for a outsider person, they shall oversee such person's use of the computer and be held responsible for any consequent damages.

5. When company employees bring computer equipment or accessories from outside into office, they must be approved by authorized person.

6. In case of the employee asks for authorization manager allowing the external person access the company information system, an employee of a company that is requesting to control your external and be responsible for damage that may occur with the company information system.

Policy on Intellectual Property

The Company will comply with the legal requirements on intellectual property and copy rights. Employees must check beforehand that the work or information that belongs to third parties can be used within the Company without violating the intellectual property of others.

1. Any work that is performed under the Company is considered the Company's intellectual property.

2. All the intellectual properties which include the work in progress, innovation in all formats shall be returned to the Company once an employee vacates the office.

3. Employees who use the Company's computers should use only the licensed software programs of the Company to avoid violating intellectual property of others.

4. Employees must check beforehand that the work or information that belongs to third parties can be used within the Company without violating the intellectual property of others.

Anti-corruption Policy

1. The company's employees are prohibited from trying to illegally and unethically predominant a business partner and competitor such as offering a discriminately assistance and bribery.

2. Do not operate or be part of an illegal business.

3. In term of dealing with a business partner, the employees must avoid giving or receiving a stuff that involved in a business negotiation, contract making or delivering a contract. For a receiving or giving stuff, it must be in a proper value or be legally approved. Moreover, the regulation is forced to use for both giver and receiver.

4. The company has an anti-bribery policy to both a government officer and others.

Section 4 Disclosure and Transparency

Information and report

1. The Company ensures that all important information related to the Company, both financial and non-financial is disclosed correctly, accurately, equitably, on a timely by the regulation of the Securities and Exchange Commission Thailand (SEC) and regulation of the Stock Exchange of Thailand. By addition disclose information through annual statement (56-1 Form), Annual report (56-2 Form) and company website. This allows shareholders, customers, and others who are interested can easy access information with an equitable and reliable.

2. The Board of Directors assigned to have investor relations as the company representative to communicate information to shareholders, broker analysis and others and they also get the information equitably with the Board of Directors. To contact investor relations department at;

Investor Relations Department
Pacific Pipe Public Company Limited
Address : 1168/74, 26th Floor Lumpini Tower Building,
Rama IV, Bangkok 10120
Telephone : [662] 679-9000 [Auto]
Facsimile : [662] 679-9074
E-mail address : ir.dep@pacificpipe.co.th

3. The company reports the responsibility of the Board of Directors for the Financial Report and discloses the performance of the board of director and sub-committee.

Rules and duties of the Board of Director and Top executive *The Board of Director*

The board of directors shall perform their duties in good faith in accordance with the laws, objectives, and articles of Association and resolution of the shareholders' meeting of the Company except in particular matter that the resolution of the shareholders' meeting is required, for instance, entering into a connected transaction, acquisition or distribution of major assets under the Stock Exchange of Thailand regulations or regulations of other government agencies. The scopes of duties of the Board of directors are as follow;

1. To establish and approve the Company's business direction and business objective by authorizing the power to The Chief Executive Officer to set forth the business policies and strategies. The management will act according to the policy, which should respond to the objectives set forth by the Board of Directors. The Audit Committee will inspect the company's performance in line with the relevant law and regulations.
2. To perform duty with caution and be accountable to the Company's shareholders and perform the duty in the manner consistent to the applicable laws, the Company's objectives and regulations as well as the resolutions from the shareholders in good faith and honesty.
3. To ensure that the Company has an effective written corporate good governance policy and approve the policy thereof.
4. To conduct the policy reviews to evaluate the overall effectiveness of the policy implementation at least once a year.
5. To determine the level of The Chief Executive Officer and the managing director's financial authority and establish the guidelines for the company's procurement policy in writing.
6. To consider endorsing and/or approving the matters, which relate to the company and its subsidiaries according to the relevant notifications by the Stock Exchange of Thailand.
7. To consider and approve the important decisions such as investment projects and any operation required by law.
8. To provide for credible accounting system, financial statements and audit.

The Audit Committee

1. To review that the Company's financial reports are disclosed accurately and adequately by coordinating with auditor and management for preparing both quarterly and annual financial reports.
2. To review that the Company has established appropriate and effective internal control system and internal audit system.
3. To approve the appointment, transfer, dismissal, and performance evaluation of Internal Audit Manager.
4. To approve internal audit plans, budget and manpower of internal audit department.
5. To consider and review independence and performance report of internal audit unit.
6. To review that the Company has established appropriate and effective risk management system.
7. To review that the Company has conducted business in compliance with the securities and exchange law, the regulations of the Stock Exchange of Thailand, or any relevant laws governing the Company's business.
8. To evaluate the Company's auditor in the following issues.
 - 8.1 To consider audit fee based on creditability, resource adequacy, workload of the audit firm and experience of auditor who takes responsible for auditing the Company.
 - 8.2 To consider independence of the auditors.
9. To consider the Company's information disclosure of connected transactions or transactions that may involve conflict of interest in accordance with the relevant laws and regulations.
10. To perform other tasks as delegated by the Company's Board of Directors with consent from the Audit Committee.
11. To prepare report on activities of the Audit Committee and disclose in the Company's annual report.
12. To report any issues deemed necessary to be disclosed to shareholders and general investors under scope of duties and responsibilities as delegated by the Company's Board of Directors.
13. To prepare corporate governance report of the Audit Committee and disclose in the Company's annual report. Such report must be signed by Chairman of the Audit Committee.
14. To conduct performance evaluation of the Audit Committee by relevant persons at least once a year to improve operations for the highest benefit to shareholders and organization.
15. Reporting on its regular activities to the Board of Director for their acknowledgement
16. In performing the duties of the Audit Committee, when transactions or actions that may materially affect the financial status or operating performance of the Company are found or suspected, the Audit Committee must report to the Company's Board of Directors for rectification within period the Audit Committee deems appropriate. Such transactions or actions are as follows:

16.1 Transaction with conflict of interest.

16.2 Fraud, irregularity or material defect in the internal control system.

16.3 Violation of the securities and exchange law, the regulations of the Stock Exchange of Thailand, and any other laws related to the Company's business.

In the case that the Audit Committee report the suspicious transactions or actions that may materially affect financial position and operating performance to the Company's Board of Directors and management, but they fail to make the rectification within the specified period without appropriate reason, any member of the Audit Committee may report such matter to the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

17. To report preliminary findings of investigation to the Audit Company and auditor within 1 month from the notification date of the auditor upon the Board of Directors, manager or any designated person against the Securities and Exchange Act (No.4) B.E. 2551.

The Remuneration Nomination and Corporate Committee

1. The determine necessary and appropriate compensation both in terms of money and other benefits for the directors, sub-committee's directors and the executive directors each year. The compensation proposal shall be forwarded to the Board of Directors for approval, or to the shareholders' meeting, as the case may be.

2. To be accountable to the Company's Board of Directors by explaining and answering the questions regarding the directors' compensation during the shareholders' meeting.

3. To select the qualified persons to the position of director by nominating the persons to the Company's Board of Directors for approval and/or to the shareholders' meeting, as the case may be.

4. Specify and propose the good corporate governance, ethics and code of business conduct to the board of director approval.

5. Specify and set the scopes of corporate social responsibilities' activities.

6. To execute any other works as assigned by the Board of Directors.

The Risk management Committee

1. To defines the risk management policy to the board of director approval

2. To define strategy and method of company's risk management in each issue to comply with the policy. The strategy and method of risk management can be assessed, reviewed and protected risks in the appropriate level. There are guidelines in practice to get to an event when that risk happen. There are guidelines that can receive events when the risk occurs.

3. To learn, review and assess the risks that may occur including the impact of the trend may occur to company and its subsidiaries in the following issues;

- > Risk strategy
- > Operating risks
- > Financial risks
- > The compliance risk

4. To follow up, conduct and review the risk management policy including review the strategies and practices when the risks happened at least 1 times per year to ensure that the risk strategies are appropriate in that events and effectively apply.

5. To give advice and support to the company's Management Committee in enterprise risk management. Include the promotion and support to improve risk management system development in company continuously and regularly.

6. To communicate, information exchange and coordination in risk management and internal control to the Audit Committee.

7. To appoint team and/or management team to support the process and risk management activities, as appropriate and necessary.

8. To execute any other works as assigned by the Board of Directors.

Chief Executive Officer

1. To conduct and propose the Company's business policies, goals, operational plans, business strategies, and annual budgets to the Company's Board of Directors for approval.

2. To set business plans, budgets, and management authorities to seek approval from the Company's Board of Directors.

3. To authorize approval of financial activities to purchase raw materials with amount not exceeding 100 million baht for each supplier and up to 200 million baht in total. To authorize approval for the higher amount if such purchase is deemed necessary to prevent impact on the Company's operations but it must seek ratification from the Company's board meeting.

4. To authorize approval of and sub-grant authority to others to approve the Company's investment transactions, and financial activities as follows:

> Investment transactions with amount not exceeding 30 million baht.

> Asset procurement for the Company's business expansion with amount not exceeding 50 million per transaction and up to 100 million in total. In case that the amount exceeds 100 million baht, ratification is a must upon completion. If less than the limit, it must be contained in annual report to propose to the board's meeting.

5. To monitor the Company's business operations to be in accordance with business policies, goals, operational plans, business strategies, and budgets approved by the board with efficiency and in favor of business circumstance.

6. To set efficient organization and management structures by covering the Company's employee selection, training, hiring and termination.

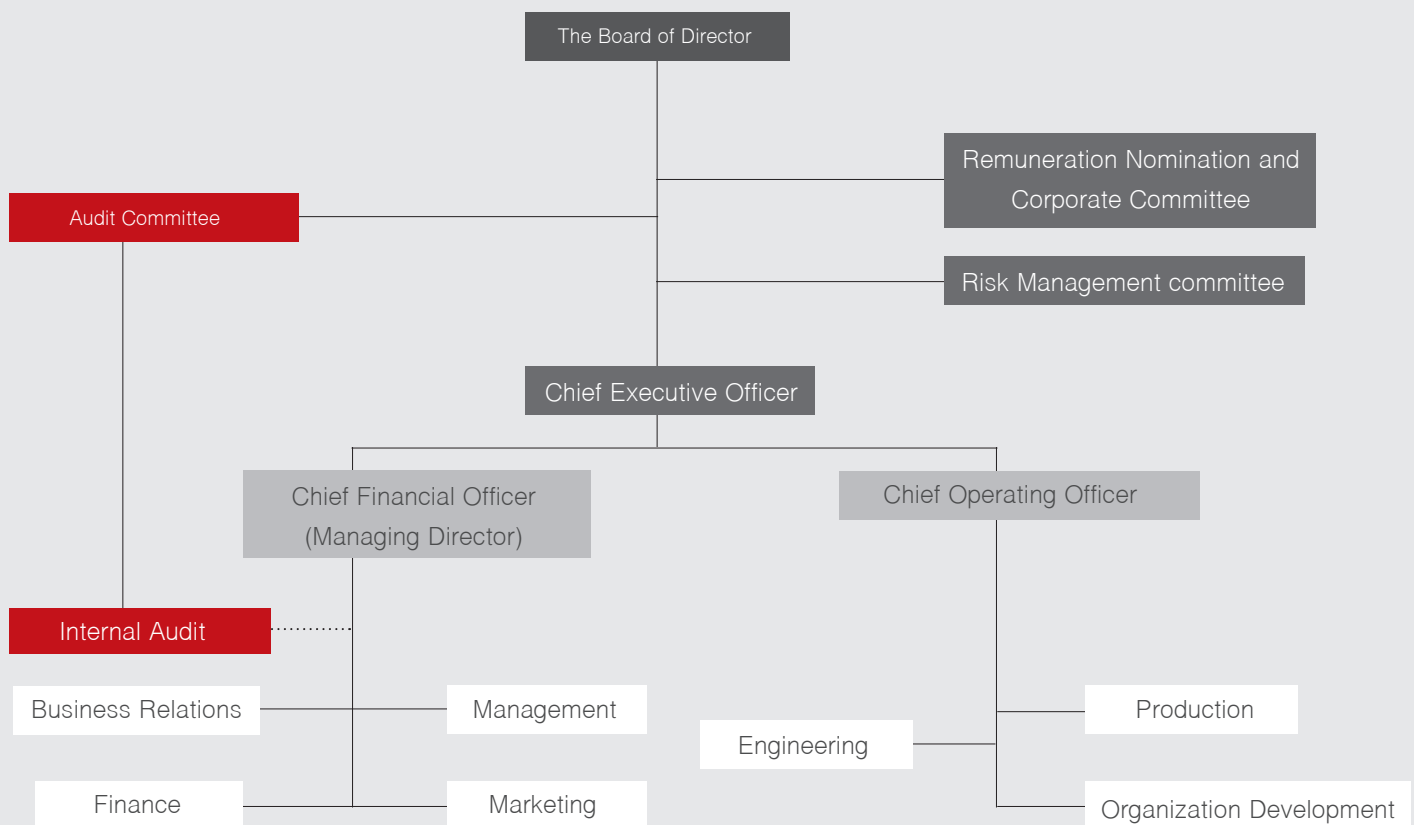
7. To supervise and approve matters related to the Company's operations. It may appoint or authorize any one or several persons to engage in any activity as it deems appropriate. Chief Executive Officer is entitled to repeal, change or modify the scope of the authorization.

8. To perform any other duties as delegated by the Company's Board of Directors.

Duties and responsibilities shall not be granted or sub-granted in a manner that proxy can approve any transaction in which Chief Executive Officer or any person may have any interest or conflict of interest with the Company or subsidiary companies (as prescribed in the Notification of the Securities and Exchange Commission). Such approval must be proposed to the meeting of the Company's Board of Directors and/or the meeting of shareholders (whichever is applicable) for the approval as stipulated in the Articles of Association of the Company or its subsidiary companies, or any applicable laws, but approval of transactions in the normal course of business.

Internal Control and internal auditing

The company has internal audit department which perform in auditing all of department of the company to comply the regulations. Including evaluate performance and sufficient internal control. This helps managements ensure in internal control system that are actual operating regularly and suitably. Moreover seek for fault, weakness and develop operating system more effectively. The internal audit department can audit and take equilibrium due to the report direct to the Audit Committee as below structure;



The Organization and the environment

1. The company is targeting explicit business goal and can be assessed. Then present to the Board of Directors to consider as guidelines for employees' practices.
2. The Company provides the Ethics and code of business conduct for good practice and notifies all employees have signed to acknowledge to all of employee. This to help all employee duty without against with ethics and code of business conduct.
3. The company structure is divided the duties and responsibilities clearly and set the approval authority as written to help the operations as efficiently as possible, appropriate with company's size.
4. Define and provide job description that defines type of work, duties, knowledge and skills to recruit appropriate personnel.

5. The company has human resources management policy both in recruiting personnel to suit the position, personnel development and training, promotion, raise of salary and reasonable of incentive and reward.

To control

1. Use KPI that is clearly defined as a tool of planning and controlling operating results.
2. For each type of transaction, the company has set approval authority in finance as written.

To follow up and evaluation

1. To provide the report that compares an actual operation with quarter forecasts.
2. The company has internal audit department and data analysis department which are knowledgeable personnel. The reports will be present to the board of directors and top management.

Risk management

The Board of Director encourages adopting the risk management system which is one important mechanism to achieve company's objectives and increase value added to stakeholders. Therefore, the Board of Director assigns the managements and key persons in every division to act as risk owner which their roles are responsible to assess and manage their risk in into the level of Risk Appetite. Moreover, the Board of Director support and motivate the risk management to be the company cultures by guide everyone to realizes the importance of risk management of the company and to define the efficiency risk management system in every working process. And also implement the international standard of the risk management framework which is referred to standards of The Committee of Sponsoring Organization of the Treadway Commission (COSO), consists of internal control system guidelines framework (COSO) and risk management guidelines framework (Enterprise Risk Management, ERM) as the principles of the good corporate governance policy. The objective of the risk management is to increase the chances of success by using limited resources with efficiently and decrease uncertainty of company's operating results. The Company's risk management process consists of 8 elements as follows;

1. Internal Environment

This process is emphasized on setting the strategy planning process to understand the principles and reasons in determining the company's strategy for setting the risk factors covers all activities in the Company. The strategy started from defining the annual mission by top management in accordance with the company's vision by adopting the strategy into practice through the BSC (Balanced Scorecard) which is the responsibility of the management in each division, or activities that will require annual planning and budgeting by considering from activities in BSC, the connections between the activities, as well as defining KPI to measure the success of each activity.

2. Objective Setting

Objectives must be consistent and be in the same direction which is the purpose of the company shall be consistent with the vision, mission and direction of the operations of the company through the company level, divisions and risk owner. In order to achieve the all objectives, acknowledgement of the operations scope in each level and analyze the risk must

be done completely. In summary, the objective must show the results of the company's achievement, not only mention to the process of practice.

3. Event Identification

Organize the workshop with the relevant person to identify the event risk by considering, explaining process that affects the objectives of division and company. To specify the event or uncertainty that might causing the error, failed, damage, or lost opportunities that will affect the achievement of the objectives of the company and the division without considering the current control and the possibility of an event or uncertainty. To ensure that the specified risk events are covered in every activities.

Taking the event risk to consider the risk relationship and analyze the causal relationship by analyzing the relation of risk events and consider the causal relationship to define the risk factors with specified risk categories. The risk management committee has been classified the risk into 3 types;

- > Strategic Risk is the risk involved in the strategic level
- > Operation and Compliance Risk is the risk involved in operating levels and the illegality practice.
- > Financial Risk is the risk associated with financial

4. Risk Assessment

After The risk owner had identified risks then grading score to the risk appetite of the company will be apply by assess the level of inherent risk that do not have any action and revise the risk matrix when considering the effective control of the risk factors. The details of best practices are as follows;

4.1 The risk matrix assessment by leading events and risk factors that have been discovered or identified in the previous process to assess severity levels with the frequency or the opportunity that will be possible to specify the priority of the risk.

4.2 The risk matrix is a consideration multiple risk factors to sequence the risk matrix for achieve clarity in consideration choosing risk factors. This is to determine the risk management plan to reduce the risk matrix that as the risk appetite of organization.

5. Control Activities

Control Activities is the consideration of efficiency, effectiveness of control activity that decrease the risk level into the risk appetite of the company. By consider the control effectiveness after assessment of inherent risk and after the defining of risk response.

The efficiency, effectiveness of control effectiveness will consider based on the use of existing resources of division from human resources, budgets, time, materials and devices to reduce, protect the opportunity to risk events or reduce the impact if the risk event occurred which have operating cost worthwhile or less than the impact that may occurred if happens as the risk factors identified.

6. Risk Response

After evaluate the risk matrix and risk prioritization that show the residual risk that higher than risk appetite, the risk owner must be set up the action plan to reduce the chance of event that may occurred if the risk event happened by awareness of existing resource management to achieve maximum benefit. It must take into account of the nature of the risk, risk matrix and cost or resources required for that choices compare with the results that are obtained. The risk management committee defines risks to the risk owner of each division to identify Key Risk Indicator and Key Performance Indicator in order to assess the success of the action plan. There are 4 alternative ways to manage the risk which are as follows;

6.1 Avoidance is an avoid risk that is in the very high level or the division may not accept the risk. That is high impact to the Company, work, project, activity or work process but risk owner cannot manage with anymethod. It needs to manage risk by stopped, cancel the project, reduce the work of project or activities that specified.

6.2 Sharing is distributing or transferring the risk to other agencies both internal and external the Company to share responsibility. Especially it is the risk that unexpected risks or difficult to protect, or high levels of violence such as a natural disaster or various damage which unable to accept that risks. It may transfer risk by using the insurance or caused from the instability of the professional personnel in division. Risk owner may hire outsource such as security, cleaning, etc.

6.3 Reduce is the reduction or control of the risk in cases of the risk owner agree that risk occurred by internal factors or the reason that risk owner can reduce or control by the internal control method or improvement working process system. By designing the new working process in order to reduce the chance of damage or impact in the risk appetite such training to employee, provide handbook of work to reduce the human error. If the risk is caused by external factors, the risk owner may use the strategy or other defensive measure to reduce the impact or the severity of the risk.

6.4 Acceptance is the risk appetite or low level of risk or very high cost of managing risk with not worth or be a risk that out of control. It may cause from the external factors which cannot control such government policy, law etc.

7. Monitoring

Monitoring is the process of evaluation of risk management plans that is defined by risk owner. Risk owner takes the responsible to analyze and evaluate the risk management plan that is effective or not. If risk owner operated in accordance with the risk management plan but still have risks that cannot be acceptable, risk owner should consider the risk level and how to manage that risks. Then proposed to the risk management Committee for consideration and give an opinion including allocate budget for supporting. Finally, the risk management will be succeed, it must be supported by top management seriously and determine how to manage the residual risk.

8. Information & Communication

Integrated risk management will occur and practice continues must be supported by the top management of the Company and get cooperation from all employees. Therefore, to make all employees in the Company understands their role and aware of their role of integrated risk management system completely and thoroughly, the Company must be fully set the information and communication systems effectiveness both in public relations part, training and follow up. Currently, the company has to communicate through the risk management committee meetings by inviting risk owner to report risk management of each division.

Section 5 Board Responsibilities

1. Composition of the Board of directors

1.1 The member of the board of directors of PAP according to the company's articles number 11 details that "The Company shall have a Board of Directors which consists of at least 5 persons. The Board of Directors shall provided that at least half (1/2) of the directors shall reside within the Kingdom of Thailand. The directors shall have qualifications as specified by law." At the present the company director consists of 11 persons who divide to 4 director and 7 independent directors.

1.2 Although the Chairman and Chief Executive Officer (CEO) is the same person, to prevent anyone from exercising unlimited power. The Board of Directors shall thoroughly consider and approve the CEO's authority. Extra authority bestowed upon the CEO has to be approved by the Board of Directors.

1.3 The process of searching and appointing the directors shall be transparent and applied in a manner consistent to applicable laws and rules and regulations of the Company. The selection must be proposed to the Remuneration/Nomination Committee for their consideration and presented for approval to the Company's Board of Director and/or to the shareholders' meeting, as the case may be.

1.4 The Chairman of the board shall not be the chairperson or the member of the sub - committee.

1.5 The company secretary shall be appointed to assist the company's directors in the exercise of their duties and responsibilities in the manner consistent with all applicable laws, rules and regulations.

2. Qualification of directors

2.1 Be knowledgeable, abilities and ethical with dedicate their time, knowledge and abilities including an attempt to perform duties and independence in making decisions.

2.2 The directors shall not have any forbidden qualifications set forth by the Public Company Limited law and applicable legislation.

2.3 Limit the number of director positions in other companies of the Company Director not over 5 companies.

2.4 Limit the number of director positions in other companies of Managing Director not over 3 companies.

2.5 The Company's qualification for Independent Directors is in compliance with the qualifications specified by the SEC and the SET.

2.6 A term limit of 9 years for Independent Director.

2.7 In case of the Company have the independent directors who served over nine years and are appointed as independent directors for another term. The appointment must be approved by shareholders.

2.8 Term of directors is under the condition of each committee's charter. According to the company's articles in number 13, define that at every annual general meeting, one-third (1/3) of directors, or, if their number is not a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office. The directors retiring in the first year following the establishment of the Company shall be drawn by lots. In subsequent years, the directors who have been longest in office shall retire. The director who retires by rotation can be re-electing in the director position.

3. Sub-committee

Apart from the Board of Directors, the Company also has three-sub committees: Audit Committee, Remuneration Nomination and Corporate Committee and Risk management Committee. The scope of duties and responsibilities of the sub-committees are stipulated as following:

3.1 Audit committee

The Audit committee consists of 3 independent directors who are also the company's directors. At least one of them must have an expertise in accounting/finance. The term limit of the committee is three years.

3.2 Remuneration Nomination and Corporate Committee

The Remuneration Nomination and Corporate Committee consists of 3 members. All of the committee's members are independent directors, with the term limits of 3 years.

3.3 Risk Management Committee

The Risk management Committee consists of 3 members which are 1 independent director and 2 executive director, with the term limits if 3 years.

4. The Meetings

The company secretary will send the invitation and distribute the materials including information and data that are important to the Board of Directors at least 7 days prior to such meeting. Every director is free to suggest the inclusion of agenda items for that meeting. Each director is required to inform the Company at least 1 to 2 days prior to the meeting if they cannot attend such meeting. During the meeting, the Board of Directors shall allocate sufficient time for the participants to express their opinions and debate the issues. Senior executives shall respond to the inquiries in their capacities as the accountably persons through the executive directors. The minutes of the meeting shall be recorded in writing.

5. Compensation

5.1 The Remuneration Nomination and Corporate Committee shall set forth the compensation for the Board of Directors by making the recommendation to the Board of Directors and the shareholders for approval. The Company's policy is to compensate the directors based on the Company's performance and the benefits expected to gain from the Board of Directors. Such compensation should be competitively relative to comparable companies and high enough to attract exceptional talent to its board. The compensation thereof is divided into the directors' meeting allowances and gratuity.

5.2 As for the compensation for the Chief Executive Officer, The Remuneration Nomination and Corporate Committee will determine the compensation and offer an approval from the board of directors based on the annual assessment and the annual performance. The compensation of Managing Director and Executive Director, CEO will assess and determine the compensation and offer to the Board of Director to approve.

6. The board of directors' report

The Board of Directors is responsible for the consolidated balance sheets of the Company and its subsidiaries. Such balance sheets shall be executed according to the accounting standard. The applicable accounting method shall be appropriate and consistent. The method selection shall be done with cautions with best assessment. They must ensure that the Company has effective disclosure in the financial statements. The Board of Directors shall be accountable for the financial information in the financial statement appeared on the annual

report. Audit committee consists of independent directors who shall be accountable to the quality of the financial statements and adequate systems of internal control. The comments from the Audit Committee shall be made available in the annual report.

7. Succession Planning

The Board of Directors shall establish the succession plan of the management and knowledge among the directors and management, and to transfer responsibilities systematically. Therefore, investors can be sure that the Company's succession plan is well managed.

8. Training and education for directors

Newly-appointed directors shall be informed of the important rules and regulations applicable to the Board of Directors, sub-committees as well as the Company's policy and important information. The company encourages every director to participate in seminar courses by the organization of State regulatory agencies or independent organizations which are beneficial to newly-directors to better perform duties such as Directors Accreditation Program (DAP) by the Thai Institute of Director.

9. Evaluation of the Board of Directors' performance.

The Board of Directors

To perform duties efficiently and the most effectively, the company defines to evaluate all of committees' performance. Moreover evaluation can review, develop and improve the committees' performance better according to the good corporate governance policy. All evaluation will be summarized and add the agenda in the board of director meeting number 1 in every year to apply the results of the evaluation to analysis and opinions on each issue together.

The Chief Executive Officer

The evaluation of Chief Executive Officer by the Board of Directors is the tool that helps the CEO's improvement. In Addition, the results will be considered to the annual remuneration of the Chief Executive Officer. The evaluation is divided into 2 parts: Section 1 as a measure of successful goals, section 2 is the assessment of duty of the Chief Executive Officer. The Board of Directors will evaluate individual.

Supervision the operations of subsidiaries

Pacific Pipe Public Company Limited has 2 subsidiaries which are Tamose Trading Company Limited and Meesup Transport Company Limited. The directors in subsidiaries are the representatives from Pacific Pipe Public Company Limited in order to participate in management and determine the operation policy for the highest benefit to the subsidiaries. In case of

the operation results of subsidiaries have impact significant; the representatives must report to the Board of Director of Pacific Pipe for approval and also set the good corporate governance policy and ethic including regulation in connected transaction. These policies will conduct the operation of company and subsidiaries and provide guidelines the business and development operates in the same direction.

The audit fee

In 2013 the Company and its subsidiaries paid the audit fee to Ernst & Young Office Limited and the person, or related parties with the auditor and the auditing firm as follows;

1. Audit Fee of 2013

Company	Audit Fee (Baht)
1. Pacific Pipe Public Company Limited	990,000
2. Tamose Trading Company Limited	290,000
3. Meesup Transport Company Limited	235,000
Total	1,515,000

2. Other fee

- None -

The auditing firm and auditor have no relationship and/or conflict of interest with the Company / the managements / major shareholders or person relates to the said person.

The Audit Committee's Report

The Company's Board of Directors approved an appointment of 3 Audit Committee members who are also Independent Directors which have knowledge and meet all requirements by the Stock Exchange of Thailand. The committee consists of:

1. Mr.Somkiat	Jitvutthichod	Chairman of the Audit Committee
2. Mr.Surin	Wanpensakul	Director of the Audit Committee
3. MissPiyanus	Chaikajornwat	Director of the Audit Committee
And Mr.Naritchai Bhureepongsanoon, Secretary of the Audit Committee		

In 2013 accounting period, the Audit Committee independently and completely performed their duties assigned by the Board of Directors. The Audit Committee held meetings with the Company's management, external auditors, and internal auditors to present information, discuss and exchange opinions in related agendas. The Audit Committee performed their duties in accordance with the established charter through internal auditors, which are directly under the committee. This allowed the Audit Committee to perform duties with independence and transparency in compliance with good corporate governance practice to protect the Company's interests without any data access restriction. In 2013 there were 12 meetings, including to set meetings with the Auditors without management for 4 meetings. The Audit Committee's performances were summarized as follows:

Financial statements

Reviewed quarterly financial statements and annual financial statements for 2013 by coordinating with auditors and considered recommendation about internal control system. The Audit Committee noted that the Company's financial reports were prepared in conformity with generally accepted accounting principles and with adequate information disclosure.

Connected transactions

Reviewed and provided opinions concerning connected transactions or transaction that may involve conflict of interests to assure transactions' fairness and the company's best interests. The Company pursued good corporate governance practice with transparency and adequate information disclosure. The significant transaction was the consideration of borrowing money, rental contract of land and rental office area.

Internal Audit

Approved audit plan and workforces for 2013, determined adequacy of internal auditor staff development to achieve the annual audit plan, reviewed performances and recommendations of internal audit department, and monitored adjustments in accordance with recommendations. The Audit Committee concluded that the Company's internal audit process was performed with adequate independence and effectiveness.

Good corporate governance

Monitored dissemination of the Company's employee code of conduct, which stipulates employees of associated companies to report names of related persons that may involve conflict of interests or connected transactions to the Audit Committee every time, and inform shareholding in the Company on quarterly basis to report to the Company's Board of Directors. In 2013, no transaction involving conflict of interests was found.

The Audit Committee performance

Presented the Audit Committee's performance results to the Company's Board of Directors in each board meeting. The Audit Committee made opinions and recommendations that were useful, to management, considered the evaluation results of the Audit Committee conducted by the Board for 2013, and taken the performance results into account for performance improvement.

Auditors

Evaluated independence of auditors and opined auditors' remuneration present to the Board of Directors and the Annual General Meeting of Shareholders 2014 for appointment auditors from Ernst & Young Office Limited as the Company's auditors for 2014.

From aforementioned activities throughout 2013, the Audit Committee noted that the Board of Directors and the Company's management were determined to following good corporate governance policy and business ethics, and achieving the Company's goals professionally, including the development of critical risk management system to maximum effectiveness and promotes the effective internal control system and appropriate. An internal audit is independent and has the auditing process comply with the International standards of practice for professional internal audit with the development of operating system updates, internal audit, continuous.

Sincerely Yours,

Mr. Somkiat Jitvutthichod
Chairman of the Audit Committee
10th January 2014

The Remuneration Nomination and Corporate Committee Report

The Remuneration Nomination and Corporate Committee of 3 independent directors which has 3 years of term of committee and will terminate on February 4th, 2015. The members of committee are as follows;

1. Mr.Surin	Wanpensakul	Chairman of the Remuneration Nomination and Corporate Committee
2. Mr.Kriengkri	Rukkulchon	Committee of the Remuneration Nomination and Corporate Committee
3. Dr.Somchai	Harnhuran	Committee of the Remuneration Nomination and Corporate Committee

The Remuneration Nomination and Corporate Committee takes the responsibilities as define in the charter of the Remuneration Nomination and Corporate Committee and good corporate governance policy. In 2013, there were 5 meeting which summary as follows;

1. To review the Charter of the Remuneration Nomination and Corporate Committee.
2. Considering and nominate director replace the director who resign by rotation and resignation director. For nominate the director, the Remuneration Nomination and Corporate Committee consider the qualification such knowledge, abilities, skills and wide rank of experiences which has benefits for company including regard to the size, structure and the element of the Board of director properly. This to promote the good corporate governance and managed effectively, comply with the regulation of the Stock Exchange of Thailand.
3. Considering remuneration of the Chief Executive Officer by defining the principle assessment reflecting which is considered from achievement of operation compare with KPIs including consider the growth of sales and increasing net profit from last year.
4. Considering directors' compensation to the Board of Director and shareholder's meeting of 2014 for approval respectively. As well as considering the guidelines of director's compensation clearly and appropriately to the structure of the company. Moreover defining the principle of assessment of the Board of Director.
5. To review and update the corporate governance policy, the code of business conduct and the directors' guideline as well as public relations to the employee acknowledge.

6. To review and update the corporate governance policy of year 2013 which resulted the evaluation of CGR from "very good" to "excellent." by Thai Institute of Director (IOD).

7. To review the process of Annual General Shareholder Meeting and adjust the information which send to the shareholders for consideration in each agenda. For that review the company received the evaluation from "94.50%" in year 2012 to "100%" in 2013 by Thai Investors Association.

8. To manage and publicize the activities of corporate social responsibility and environment, reflecting.

9. To report the activities and data on corporate social responsibility of 2013.

10. To update and review A Self-Assessment Form of the Board of Directors, the Remuneration Nomination and Corporate Committee and the Evaluation Form of the Performance of the Chief Executive Officer.

The Remuneration Nomination and Corporate Committee operated the duties as the Board of Director's assigned carefully with awareness reasonable and practice with independent without overpower from managements. In year 2013 the directors received the remuneration as shown in the subject of 2013 directors' remuneration which is considered from Thai Directors Compensation Survey Report compared with the overview of all listed companies, companies in the same industry and the company had sales and net profit close to the company. From the above reasons, The Remuneration Nomination and Corporate Committee deemed appropriate for fairness with the company and directors that correspond to the responsibility which is approve by the Board of Directors and shareholders' meeting, respectively with the benefit of the shareholders, according to corporate governance principles.

Sincerely Yours,



Mr. Surin Wanpensakul
Chairman of the Remuneration Nomination and Corporate Committee
10th January 2014

The Risk Management Committee Report

The Board of Director of Pacific Pipe Public Company appointed the 3 members of the Risk Management Committee which has 3 terms of committee and the independent director is the Chairman of Committee. All committees are knowledgeable person and suitable qualification as defined in the risk management Committee Charter and the member of committees are;

1. Miss Piyanus Chaikajornwat	Chairman of the Risk Management Committee
2. Miss Viriya Ampornnapakul	Committee of the Risk Management Committee
3. Miss Thitima Vatanasakdakul	Committee of the Risk Management Committee
Miss Methita Charoensurapirom is a secretary of the Risk Management Committee.	

The risk management committee has duties as assigned by the Board of Directors to conduct, opine and support the management about the risk management system. Develop risk management system all over the organization, with continuous performance as well as promoted cooperation in all levels of the company. In 2013 the Risk Management Committee had 5 meeting and all of risk management committee attended in the meeting. The essence of risk management activities summarize as follows;

1. Consideration of the risk factors

To set the risk management meeting to determine the company risk factors that impact the strategy, operation, finance including the other factors from all factors which is defined by risk owner that also considered of the effectiveness of the existing internal control and rearrange in residual risks in overall.

2. Consideration of risk response

To consider appropriateness and worthiness of action plan that is provided by the managements to ensure that risks are managed and controlled in the proper level that the company can be accepted.

3. To follow up of the risk management activities

To set the risk management meeting to follow up the progress, the efficiency and effectiveness of the performance of the risk factors in each severity level to considering the trend of risk in overall image that changes after making the risk management plan to know and define the guidelines to prevent or promptly resolve.

4. To make the Business Continuous Planning: BCP

The Company learns and provides the Business Continuous Planning (BCP) due to the company aware of the importance of business management in crisis. At the present the action plan of Business Continuous Planning has done.

From the above operations, the Risk Management Committee believes that the risk management process systematically and closely following will help the Company to achieve the objectives of the planned business operations including creating the value added to the company and requite with the shareholders and stakeholders sustainable.



Miss Piyanus Chaikajornwat

The Chairman of the Risk Management Committee

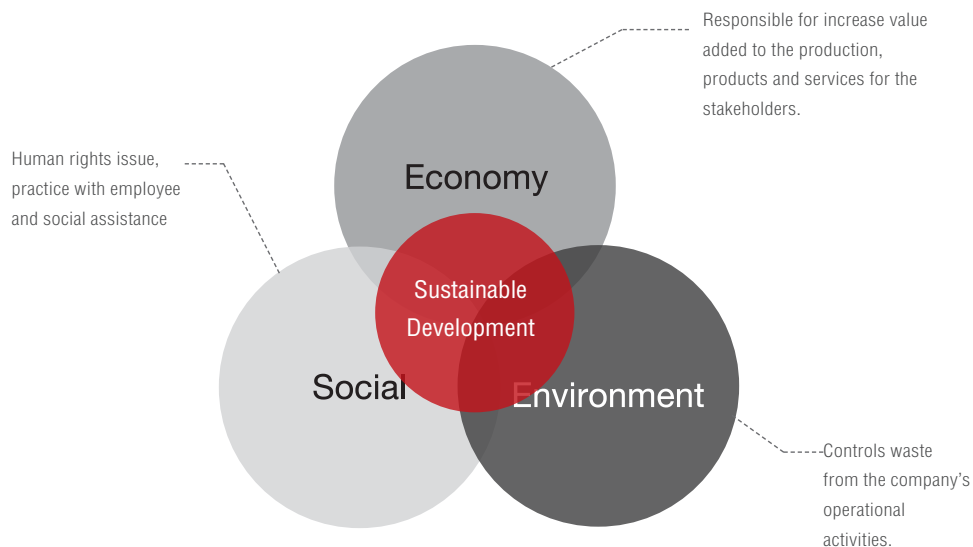
18th February 2014

Corporate Social Responsibility Report

The scope of CSR report

Pacific Pipe Public Company Limited prepares this report under the corporate social responsibility guideline of the Stock Exchange of Thailand to show the practice of business conduct and its development in order to contribute to the sustainable growth of the business. In 2013, the company had published the disclosure of the information of corporate social responsibility which intends the investors to acknowledge and understand the responsibilities of the company in every dimension such as economic, social and environment.

This paper reports the policies and practices to the stakeholders who have impacted from the business activities. On the other hand, this paper also reviews the actions of the Company responsible for the impacts in 3 parts as follows:



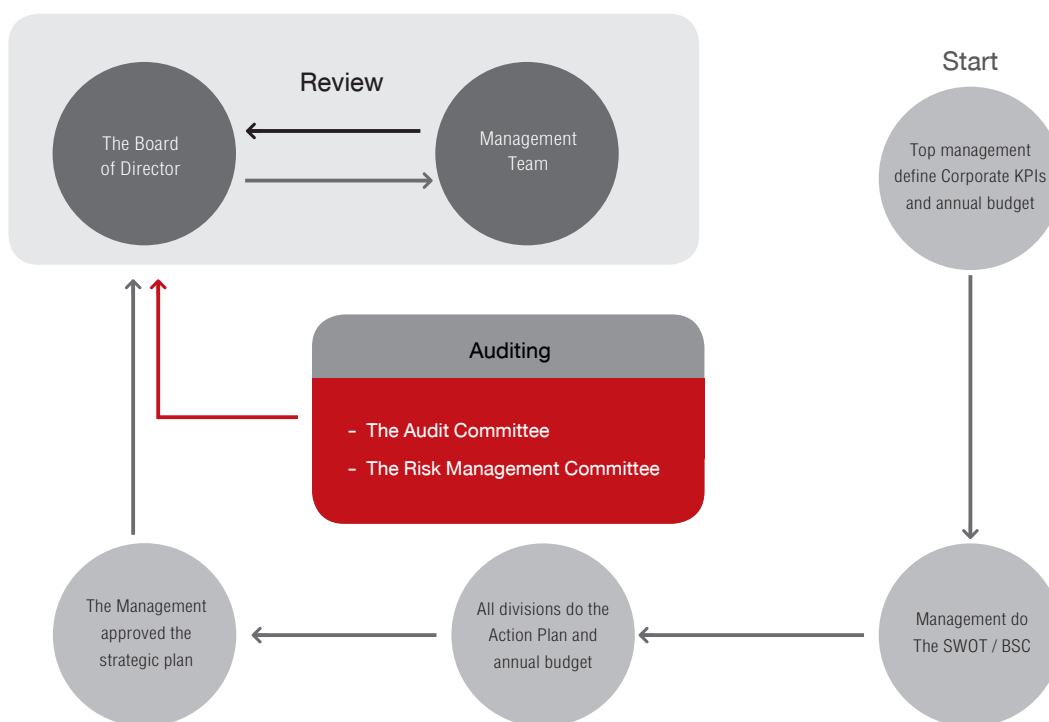
The scope of this report is covered the responsible of CSR-in-process which aim to proceed continuous improvement of social responsibility performance.

Corporate Governance

The Company director consists of 11 persons divide to 7 independent directors and 4 executive directors. There are 4 female directors. The structure of the company's director supports the balance of authority with management and be able to verify the transparency of investigation in each transaction that may cause a conflict of interests, to ensure that the company complies with legal, regulation, article, the

shareholder's resolution and the corporate governance policy, responsible and disclosure to the public properly, timely and transparency.

The management team develops the strategic plan aiming to achieve the corporate target with budgeting management including define the vision and mission then present to the Board of Director for consideration and give the opinions.



The corporate KPIs and budget are defined by the top management, then assign to all divisions for preparing the action plan and budget which is approved by the Board of director and management.

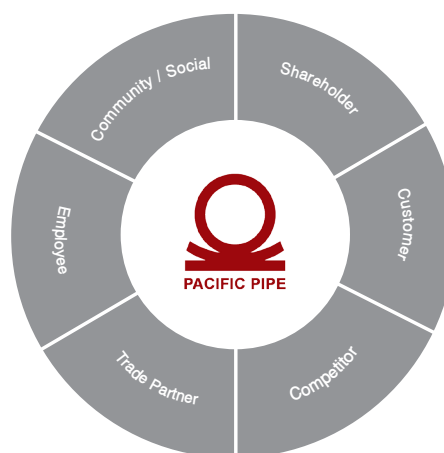
During the year, the internal audit will monitor, review, and follow up the Business plans from the management team and propose to the Audit Committee. Moreover, the management team shall set the meeting to consider the possible to achieve the target under the volatility of business economic, review the plan and report to the Board of Director.

For the risk management, each risk owner will prepare risk assessment and the action plans to minimize the risk and propose to the Risk Management Committee. The Risk Management Committee has the obligations to monitor the progress of the action plan and report to the Board of Directors.

The Working Team who responsible for the corporate social responsibility activities consists of marketing division, human resource division, and investor relation division. This working team will prepare action plan/activities for proposed to the Remuneration Nomination and Corporate Committee.

The Code of Business Conduct and Ethics

The company adopts and commits to operate the business with the best practice of the code of business conduct and ethics which will be use as the guidelines/manual for personnel practice to create the values and principles of the company's business to the stakeholders.



Stakeholders	Practice with stakeholders
shareholders	• All employees are committing to work with their full effort to achieve the goals and prove their potential via good performance, sustainable growth, and resulting in increasing the investors' confident and well worth to invest. • Publishing the information to shareholders must be based on truth, transparency and equality.
Customer	• Ensure Customer satisfaction by deliver products with finest quality under standard price that is fair to both parties. • Providing the channel for customer to complaint regarding to quality, quantity, for both product and services.
Competitor	• Conduct under the fairness rules of the competition by not distorts information, untrustworthy or any other unfair method of trade. • Not seek for the confidential trade information of competitors in any dishonest or inappropriate way. • Do not damage the reputation of competitors with malicious accusation. Do not attack your opponent without sensibly.
Trade Partner	• Giving Information to traders with equally legitimate and non-discriminatory bias. • The Company must conduct to trader partner in good faith according to the contract and ethic. • The process must be able to monitor for achieving transparency and maximum benefits.
Employee	• To give the fair salary with appropriate duties and responsibilities. • Focus on development and provide training to educate employees and also continuous develop the potential of employees for their carrier path. • Implement fairly on the principles of human rights and emphasize on safety of the employee.
Community and Social Responsibilities	• Nurture an awareness about the responsible of social and environment to the employee. Starting from awareness of saving world energy and utilize resources. • Provide methods to prevent the accident and control the waste into the accepted standard level. • Provide assistance in various forms such as donation.

The detail of anti-corruption and human rights policy is on the page 45 and 47

Economic

Business Structure



Pacific Pipe Public
Company Limited (PAP)

Manufacturer and distributor of black
Steel Pipe and galvanize steel pipe



A manufacturer and distributor black steel pipe and galvanize steel pipe with the utilization of 350,000 tons per annum. Produced by process of Electric Resistance Welded production system (ERW) both of made to order and ready for distribution. The steel pipe can be divided as follow;

- > Steel pipe for general work
- > Steel pipe for construction work
- > Steel pipe for industrial work



Tamose Trading
Company Limited (TMS) (Subsidiary)

Sales representative Under the brand



The sales representative of steel pipe by selling steel pipes divided into;

- > For standard grade product, Tamose Trading acts as a selling agent that sells the product under the brand “” (Pacific Pipe) and receive the commission in return.
- > For commercial grade product, Tamose Trading purchase the product directly from PAP and resell it to external customers under its own brand “” (Tamose).



Meesup Transport Company
Limited (MT) (Subsidiary)

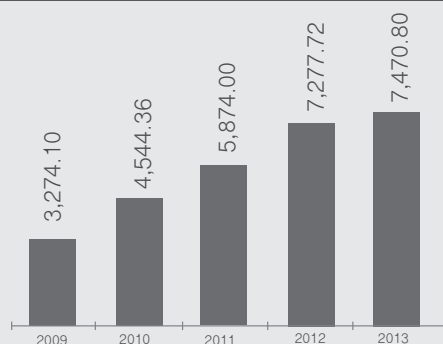
Shipping Agent



Shipping Agent

Economic performance

Income Unit: Million Baht

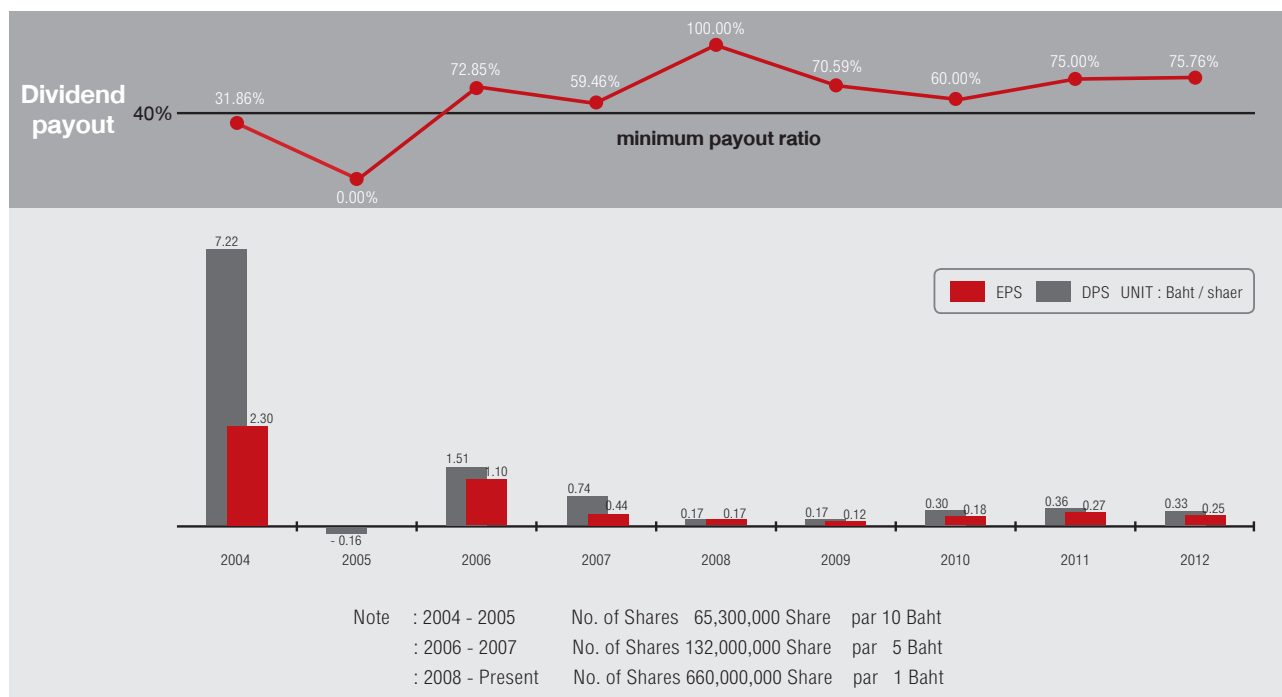


Net profit Unit: Million Baht



Return on investment

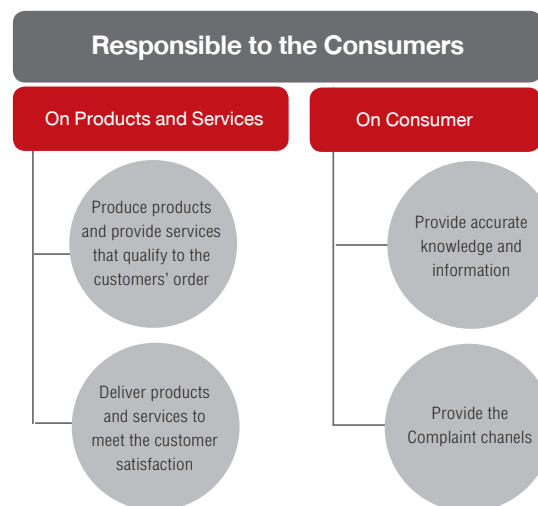
Dividend payment



The dividend policy is on page 36 of the annual report.

Responsibilities to consumers

As the Company is acting in both a manufacturer and distributor of high quality steel pipes under the brand “” (Pacific Pipe) which is produced by reliable machine and maintenance by a team of engineers and maintenance technicians with experience that will monitor machine ready to produce. Moreover there is also a process of product testing to meet the standards of each of the categories that have been defined, to ensure that products under the Pacific Pipe brand is secured for consumer and suitable to apply for different kinds of work. Therefore, the company also issues product quality warranty to every time when purchasing standard grade steel pipe and make the consumer confident in the quality of products. Therefore to operate the strong business, the Company adheres to the principles of responsible consumers as follows:



Products and Services

Raw Material

The Company's major raw material of producing steel pipe is hot rolled coil. The company purchases hot roll coil from both domestic and abroad suppliers. The inspection process starts from cutting a piece of hot roll coil to check the chemical of raw materials and record in the report. This is to ensure that the raw material reach standard and accuracy to the purchase order.

Production

The products are manufactured by reliable machines with modern technology and are inspected thorough the entire production process. The standard steel pipe must be verified and tested quality in both from the raw materials and other properties, such as raw material, thickness, sizes and other features eg. the pressure test, and etc. The quality certificate will issue every production time for warranty the quality.

Delivery

Furthermore to delivering on time according to customer's requirement, safety in transport is an important issue and affect to consumer, community and society. The Company must be taking care of the transport inspection and training to the Company's drivers.

Consumer

> Knowledge and accurate information

In the field of knowledge in the use of the steel pipes in each standard is one of our strategies to push forward the use of steel pipe in Thailand that have standard and choose to use steel pipe properly, suitable for each category. Moreover, for

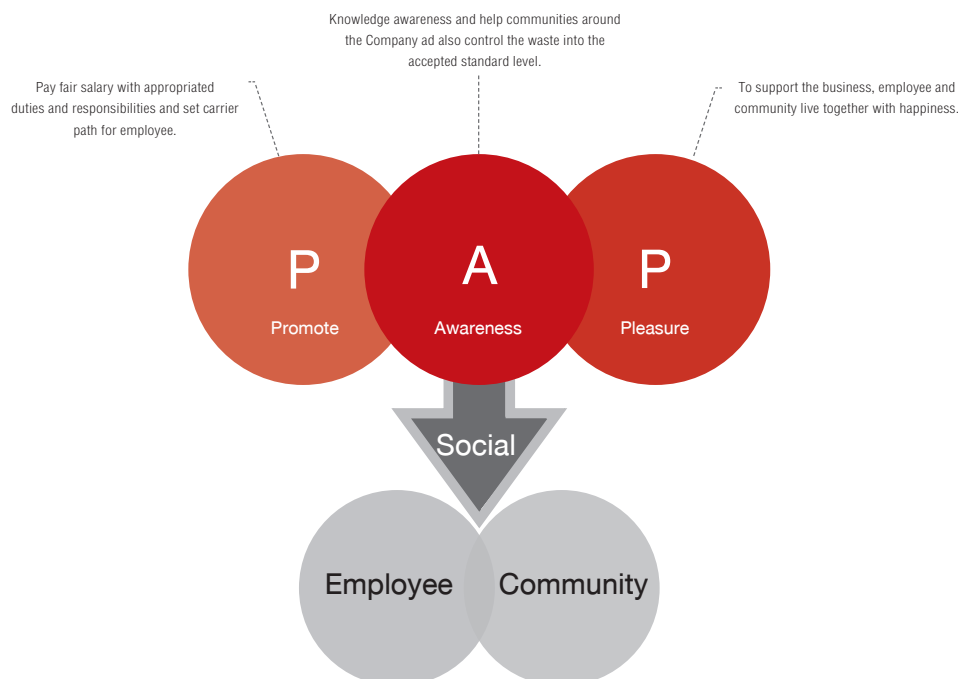
promoting the company's brand, after training from the Company, the customers can bring the knowledge to present products to the end users. The Marketing division has a subgroup seminar to distributor of the company as an ongoing activity every year.





Social

Principles and guideline of social practices of Pacific Pipe PLC.



Care and Treat employees

The company believes and recognizes the importance of employee that is a factor to drive the Company to the goal. The Company is operating and planning process since recruitment, retain and develop employee to have knowledge,

skills, and abilities according to the Company expectations under the Company's corporate value which are orientation achievement, teamwork, customer focus, and Knowledge Management in order to drive company into the same direction and achieves the Company's goals.

Operation guidelines for human resource management

Organizational Structure and manpower	Recruit and selection method	Promote and develop employee	Manage fair compensation system	Support employee relation activities
Design organization structure which is suitable for job.	Develop processes, tests and interviews to applicants who have qualifications that the Company required.	Select the appropriate tools for properly develop employee skills such as manpower planning, Individuals Development Program (IDP), develop the skills that necessary to work.	Provide clearly salary structure in accordance with the labor market, and jobs with the compensation for both finance and non-finance by using job assessment.	Employee relation activities are supporting the employee performance which has balance between working and relationships of colleague and also to the management team.

Employee

Recruit, promote and coach employees to has a good ethics

- > Recruit employee who suited for the job.
- > Train and develop employee's potential.
- > Encourage employee leadership.

Recruitment and development process

- > Perform comply with the good corporate governance of the Company.
- > Be a person who has good ethic and code of business conduct.
- > Anti-corruption.

Compliance with corporate governance policy, ethic and code of business conduct

Employee Resourcing

1. Manpower Planning

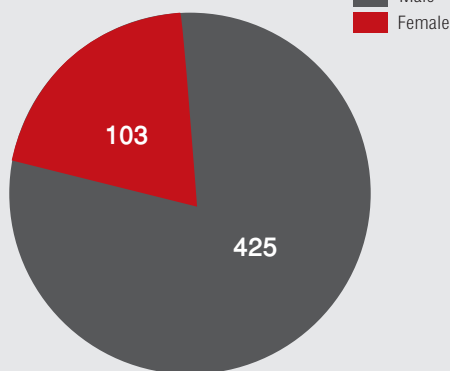
Manpower planning of a strategic plan (Strategy Map) plan by using the Balanced Scorecard (BSC) as a tool in determining a strategy clearly. Therefore, all divisions must be considered appropriated manpower to fit the company's goal. Then human resource division will review and consider the appropriated workload for employee's productivity.

2. Recruitment

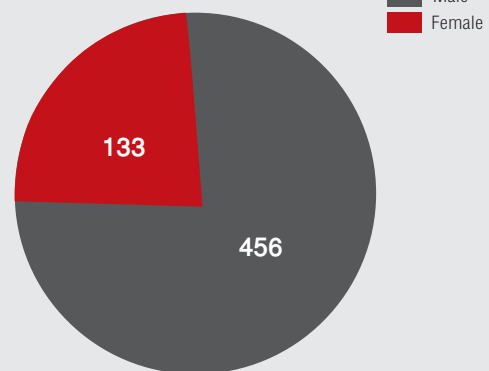
The recruitment process for each qualified candidates must be consider from the application. Then the applicant request to do the test which have 3 types: general knowledge, knowledge about a task in itself and personality quiz. The final step is an interview by the manager and human resource representative.

% Growth Rate of Employee

2012



2013



3. Training Road Map (TRM)

Human resource division is planning the training course by cooperate with each division to establish an internal training course curriculum and searching from external institutions. Each division will have to consider the individual development plan and human resource division define the scope of the consideration of training plan to the manager of each division. The process of individual development plan is as follows:



The result of the gap analysis will be taken as information in employee development by using various tools, such as training, coaching, on the job training, mentor, media training and gap close competency to employee have knowledge, skills, and abilities according to the Company expectations.

In summary, on the year 2013, Employee have an average training of 6.63 hours by each person.

4. Reward Management

Company uses the compensation management policy as the primary tool for recruiting and retaining employees in both of money and non-money through various activities. The compensation in money will be result in the well-living of employees and revenue growth by using job assessment which has the KPIs as a result of indicators and offer to promote position by examination. For the compensation in non-money form will be encourage employees in career path, knowledge, skills on the job responsibilities through training activities both internal training and training with external institutions. Providing an appropriate environment is another aiming for working atmosphere including the employee relations activities between

employees and the Company. These activities make employees relax from work such as sports day, seminars, outing, Thai cultural conservation activities, etc.

5. Career Management

The company provided the planning process and guidelines to bring potential of employees for their performance appropriately. To support the performance of their jobs and promote employees have advancement in career.

1. Career Path

Provide the career path of the employee thoroughly and fairly in each position by considering the difficulty-easy of the job includes breakdown of skill level in each position and plan salary structure.

2. Promotion System

After an employee passed the training course eg development of knowledge, skills and abilities, the Company will set up the promote contest by testing all the skills that the company defines for that position.



Successor plans

To searching successors, the Company offers the opportunity to the internal person first. However, if there is no appropriated candidate, the new recruitment will be applied. Because the company agrees that the successors must be person who have knowledge, abilities, experience and understand the company's business, also the company's culture and be honest and good ethics. The Company will assign a task with challenges and evaluation of performance. Moreover the successor must study and perform other jobs in the Company to develop leadership skills and knowledge in all jobs.

6. Employee Relation

Employee relations activities, starting from the first working day until the resignation for example, employment contracts, job assignments, welfare, safety in the workplace, promote position, annual raising salary, the agreement on conditions of employment and activities to develop and promote employee relations, etc.

1. Employee relation activities

For supporting employee performance and balancing while employee's working. Human resources division provides variety of activities and different purposes.

Employee relations activities may be faced a problem of not cooperates in activities of employees. Therefore, human resource division offers employees defining the scope of activities. Unless this way meets the employee need, it may affect the feeling of employee to join the activities.

The results obtained from activities not only improve employee, but employees also join activities to make the relation between colleagues. Moreover achieve good cooperation which is driving the Company's growth firmly.



2. Communication

Public relation whether the activity or understanding the information, new regulation or adjustment, the Company provides various communication channels due to the employee needs the communication channel that are different because

some employee work at plant such as production and some employee work at office. This is to provide all employees understand in the same details through the communication channel such morning talk, company intranet, board releases at all plants and E-Smart ISO.



Social and community contribution

Besides taking care of employees, the social and community contributions are our intension. The activities operate through various channels as follows:

1. Project: “Helping poor people to get the new home for Ubolrajchatani people to honor the King and the Queen of the year 2014”

Pacific Pipe Public Company Limited participated by sponsoring a structural steel pipe for this project. The aim of project is to build housing for poor families to have a permanent housing which is safety and hygienic condition in Ubolrajchathani Province, 1 house per 1 district and the total is 216 houses according to the adjustment design of the Department of Public Works and Town & Country Planning of Ubolrajchathani Province.

Project

Selectiing poor families who Don't have house or unable to repair. The member of those families must be qualified person.



As a sponsor to support steel pipe



The cooperation of ;

- > Local Administration.
- > The Department of Public Works and Town & country Planning of Ubolrajhathani Province.
- > Volunteer in Udolrajhathani.

Before Construction



During the Construction Period

This Project shows an example of compassion within the society from the fact that the construction is supported by local organizations, village leader, and local volunteers. The result of the cooperation and teamwork of the local

residents reflects better relationships within the community, leading towards a stronger community. Pacific Pipe Public Company Limited is grateful to have been a part of this project.



After construction



"I never thought that I will have my own house because I'm very poor, I live with my grandchild and my 3 children. My old residence was made from nipa leaves which is very inconvenient when it rains. When receive this house, I'm so happy until speechless. I would like to thank everyone who helped me to have the first house in my life."

Mrs. Buarin Somsanit
Address no. 449 Moo3



"I'm very glad to have a home that is stable and safety. This house makes me comfort in either in summer nor winter. In the rainy season, I don't have to afraid the rain will leak into the house. Finally, my grandchild will be safe in this house. I would like to thank provincial governor, village leader and the Company for helping, really grateful."

Mrs. Nudam Taboon
Moo 4 Bannakam



"My old residence was a hut not a house so I feel like the unbelievable dream comes true. Before that, I am not dare to dream because if I want to build a house, how much money must have so I never thought it would come today. Thanks to the provincial governors of Ubolrajchathani and the Company to support the steel pipes and friends in the village to help and donate money to build this house. I wish this project can operate every year."

Mr.Sai Wongkoon
Address no. 132 Moo 2

2. Project "75 years Funding to Faculty of Commerce and accountancy, Chulalongkorn University"

This project is the funding project to improve classroom and encourage teaching efficiency. Pacific Pipe Public Company Limited supports the projects that promote education, we aware of the necessity of technology which increases the educational potential of students. They will be the most important personnel to push Thai business growth in the future.

Pacific Pipe Public Company Limited by Mr. Somchai Lekapojpanich, Chief Executive Officer is granted funds in the total of 2,000,000 baht to Assoc. Prof. Dr. Pasu Decharin , The Head of a Faculty to support such projects.



saying that "During the night-time area, behind the plant, the lighting is not enough and make it very difficult to travel because it's dark and narrow path which may cause an accident or face the risk of crime.

3. Lighting equipment installed in community near the plant.

The representative of Kobe community requested assistance regarding the lighting area behind the Prapradang Plant by

Pacific Pipe Public Company Limited checked that areas and agreed to carried out immediately. Then install spotlights to the area as requested at the end of December 2013.

4. The project provides blankets in winter

Pol.Gen. Wichean Potephosree, the Chairman of Pacific Pipe Public Company Limited gave blankets to other agencies to encourage any officers performing their duties and helping poor family through the following agencies;

> Give the 1,000 pieces of blankets to police to encourage police officials who perform the duties in the New Year holidays at The National Police Office and Pol. Gen. Adun Sangsingkaew, Commander of the National Police as the recipient grants.



- > Give the 1,000 pieces of blankets to 5 provinces forest Foundation which is one of the agencies that have a sacrifice to act in the conservation of forest to sustain this abundance and Gen. Prawit Wongsuwan, Chairman of the Foundation as the recipient grants.



- > Give the 1,000 pieces of blankets to Relief and Community Health Bureau as an agent to delivery of blankets to the poor people and Lt.Gen. Dr. Amnaj Bali, Director of Relief and Community Health Bureau as the recipient grants.



5. Site visit Activities

1. Shareholders and investors

Shareholders are the owners of the company's Affairs therefore; the introduction of shareholders visit plant is like as to give the confidence in the potential of the company's business operations that can be a stable and sustainable growth. This is to demonstrate the wealth in assets and understand the production process from start to finish.

For the investors, visiting the plant not only watching the production process and understand the business but this also make the investors' confident in the investment decision in the company's securities.



2. Students from any institutions.

Besides the site visit from the investors, Pacific Pipe Public Company Limited also had many chances to welcome the students in the university. The objective is focus on share knowledge of the process of producing steel pipes and the way to use the application of steel pipes in various works to

the students. They will have an understanding that steel pipe is not only have strength qualification and easy to use but it's save both of time and cost of construction. Moreover the Company's steel pipe also applied in architecture work which is beautiful and has modern look.



Innovation

Regarding to the great flood in Thailand during the past two years, the customers who are the victims in the tragedy asked us to support on the damage of the goods. As we know that water causes rust to steel pipe, to help the customer, the Company sent a team to demonstrate method to reduce the damage of the rust pipe as if the customer uses the wrong

chemicals and equipment; the problem is not being solved but even makes steel pipe damage.

From these events, the Company has prepared a document to the customers so the customer can learn and practice from the document namely, "How to reduce the damage of steel pipes and structural steel after flooding".





The environment and security

Environmental management

The company's galvanize plant, which is located in Samutsakhon Industrial Park or is called PM1 has galvanized furnace that used oil furnace and the steam generator from coal energy. To control the environment inside and around the plant, protect

smoke caused by burning through Wet scrubber before release to the outside and also has the suction vapour from zinc plating on the basis that the law and regulation of Samutsakhon Industrial Park defined, as follows:

	2013			Company's Control Level
	Measuring Items	Measuring value	The Standard Level	
The release from the boiler chimney	1. The opacity of the carbon	5	10 (%)	8
	2. Total Suspended Particulate	55.6	320 (mg/ cubic meter)	200
	3. Sulfur dioxide	38.1	700	500
	4. Nitrogen dioxide	15	400	50
	5. Carbon monoxide	28.6	690	200

Note: Refer to the measuring result of C.E.M Technology (Thailand) Company Limited which is an inspector.

Noise pollution control management (PM2)

The company's production processes, starting from forming until cut off the steel pipe to the standard size make the noise occurred in these processes. The company is aware of noise caused by cutting the length so the Company has created a device to reduce noise in the production process. The result is very satisfied as the noise is reducing from approximately 40% on average.

Management of industrial waste from production processes (The Company's plants at Samutsakhon Industrial Park 1 and 2 or are called PM1 and PM2)

In the management of industrial waste from production processes divided into 2 ways which are;

1. Hired treatment providers / disposal of sewage, or material that is no longer in used (such as sewage sludge from waste

water treatment) from the Company plant at Samutsakhon Industrial Park 1 or PM1.

From the production process (Galvanize) of the company, there is a process that requires a lot of water in production so the Company must treat and recycle waste water or drop to the treatment system of Samutsakhon Industrial Park. The company has a process for treating waste water from production and control according to the standard of the Samutsakhon Industrial Park defined. Samutsakhon Industrial Park will monitor daily before release to its treatment system and re-treat before release to the outside.

2. Sell the waste from the production as steel scrap (such as the rest of the side edge of hot roll coil) at Samutsakhon Industrial Park 2 or PM2 for recycling company will do recycle process and reuse in other forms.

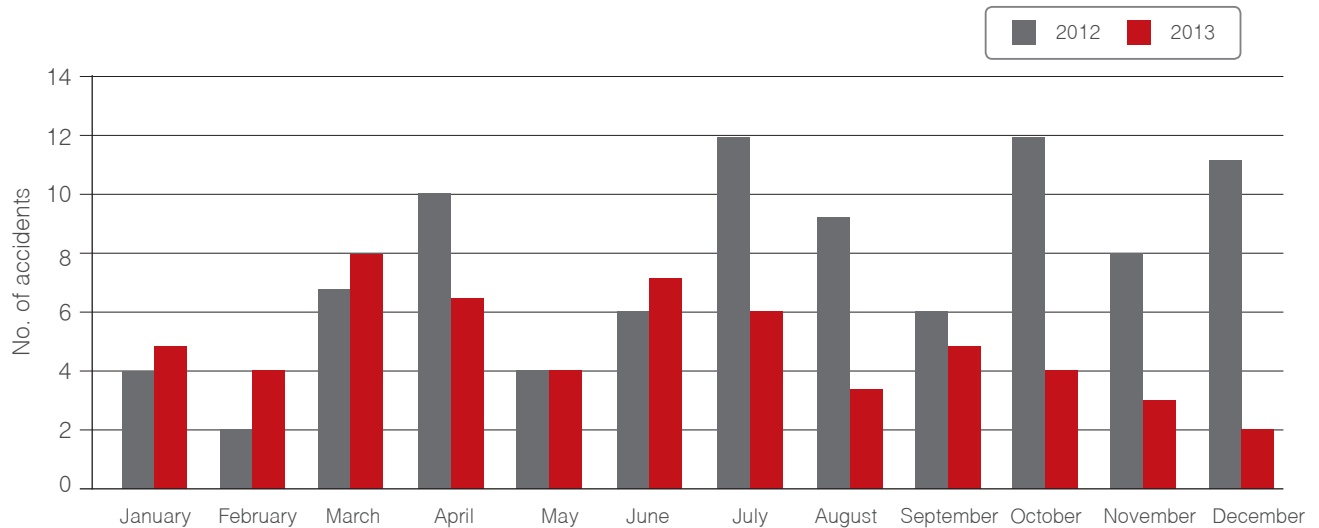
Security aspects

Training of preventing and suppression fire in the Company

> To prepare employees to cope with accident that may occur both in the Company or the employee's residence. We

aim that after employees got the knowledge and lessons from the experts. The employees will be able to cope with incident situation without panic.

Accident Statistics in 2012 - 2013



Training "working practice and Safety"



Training “Safety Supervisor”



First aid

> First aid was made to reduce injury or disability because knowledge and understanding to relieve injury such as bleeding or moving wounded people correctly.

Report on the Responsibility of the Board of Director for the Financial Report of 2013

The Board of Director is responsible for financial reports of the Company and its subsidiaries and place importance policies on the Company's activities comply with good corporate governance policies. This to ensure the financial report of company and its subsidiaries and other financial information are accurate, complete and accordance with generally accepted accounting principles by choosing accounting policies and/or practices that are appropriate and comply regularly. Discretion carefully in the budget accounts to provide reasonable including important information is sufficiently disclosed and audited by an independent certified public accountant that expresses an unqualified opinion.

The Board of Director provides an appropriate and efficient internal control system to ensure the financial information is accurate, complete and adequate for maintain on assets along with preventing corruption or malfunction with pivot. In this regard, the Board of Director has appointed an Audit Committee to serve as a review an appropriate and effective the internal control system and internal auditing.

The financial statement of the Company and the consolidated financial statements of the Company and its subsidiaries have been examined by an external audit, Ernst & Young Office Limited.

To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided all of the Company's record and related data as requested. The auditor's opinion is presented in the auditor's report included in this annual report.

The Board of Directors believes that the Company's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the financial reporting of the company and its subsidiaries for the year ended December 31st, 2013 with reliability, using generally accepted accounting principles and operating correctly according to the relevant law and regulations.

Pol.Gen. 
(Wichean Potephosree)
Chairman

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

For fiscal year ended December 31, 2013, the Company reported the sales and service income of Baht 7,277.98 million, which increased from year 2012 of Baht 7,277.72 million or increased 2.52%. The Company had net profit of Baht 407.30 million or 5.59% of sale and service income and earnings profit per share (EPS) of Baht 0.62

sales revenue could be categorized into domestic and export sales of Baht 7,043.91 million and Baht 162.46 million or accounting for 94.29% and 2.17% respectively. The total revenue of the Company increased from Baht 7,277.72 million in year 2012 to Baht 7,470.79 million in year 2013 or growth 2.65% from year 2012.

Revenues

In year 2013, the Company reported the sales and service income Baht 7,277.98 million which was 97.42% of total revenue, which equaled to the growth rate of 2.52% from year 2012. This

Revenue breakdown by customer group show in table below, Contractor amount of Baht 621.35 million was high growth rate customer group in year 2013, growth Baht 196.49 million from year 2012 or growth rate 46.25%

Revenue from Sale	2011		2012		2013	
	Million	%	Million	%	Million	%
1. Trader	4,583.76	80.26	5,893.52	83.02	5,907.70	81.17
2. Contractor	439.42	7.69	424.86	5.98	621.35	8.54
3. Industrial	552.57	9.67	677.93	9.55	646.37	8.88
4. Others	89.73	1.57	40.02	0.56	30.95	0.43
Total Revenue from Sale	5,665.48	99.19	7,036.33	99.11	7,206.37	99.02
Service Income	45.90	0.81	62.77	0.89	71.62	0.98
Total Revenue from Sale and Service	5,711.38	100.00	7,099.10	100.00	7,277.99	100.00

Cost of sales and service

In year 2013, the Company reported cost of sales and service of Baht 6,525.83 million or 89.67% of sales and service income, which decreased from year 2012 of Baht 10.52 million or decreased 0.16%. According to the Steel Price Trend and the Company's cost control.

Selling and administrative expenses

In year 2013, the Company reported Selling and administrative expenses of Baht 360.09 million, which increased from year 2012 of Baht 19.97 million or increased 5.87%. This is result from the Company growth.

Net foreign exchange loss

In year 2013, the Company reported net foreign exchange loss of Baht 24.50 million while in year 2012, the Company reported net foreign exchange gain of Baht 18.96 million. This is due to the fluctuation in exchange rate.

Other expenses

In year 2013, the Company reported finance cost of Baht 55.03 million, which decreased from year 2012 of Baht 6.78 million or decreased 10.97%. As the result of decreasing in interest rate of Commercial Bank and the reducing of short term loan from Bank.

Return on Equity

In year 2013, the Company had net profit of Baht 407.30 million. The return on equity was 18.14% which increased from return on equity 12.84% in year 2012.

Financial Position

Assets

Total assets

As at 31 December 2013, the Company had total assets of Baht 3,454.88 million, which decreased from year 2012 of Baht 606.39 million or decreased 14.93%. This is due to the decreasing in Inventory and Advance for Raw Material from year 2012.

Account receivable

Account receivable as at 31 December 2013 was Baht 598.05 million, which decreased from year 2012 of Baht 1.68 million or decreased 0.28%. Account receivable aging show as table below.

(Unit: Million Baht)

Aged on the basis of due dates	2011	2012	2013
Not yet due	423.91	449.78	406.62
Past due			
Up to 3 months	63.46	138.22	191.12
3 - 6 months	0.66	2.06	-
6 - 12 months	0.11	8.82	-
Over 12 months	22.93	24.29	23.42
Total	511.07	623.17	621.16
Less: Allowance for doubtful debts	(22.38)	(23.44)	(23.10)
Total trade receivables - net	488.69	599.73	598.06

Inventory

As at 31 December 2013, the Company had an inventory of Baht 1,392.79 million, which decreased from year 2012 of Baht 256.43 million or decreased 15.55%. Average Day Sale of the Company in year 2013 and 2012 were 85 and 91 days respectively.

Liquidity

The Company's current ratio year 2013 and year 2012 were 2.13 and 1.44 respectively, while its cash cycle ratio in year 2013 and year 2012 were 34 and 26 days respectively. In

terms of debt service capability, the Company's interest coverage ratio at the end of year 2013 and year 2012 were 10.18 and 6.49 respectively.

The Company had sufficient liquidity for its normal operation. In year 2013, the Company generated net cash flows from operating activities of Baht 1,235.47 million. This is due to high operating profit than last year and effective inventory management. Cash flow classified by activities was as follow.

(Unit: Million Baht)

Cash Flow	2011	2012	2013
From Operating activities (used in)	281.95	(92.07)	1,235.47
From Investing activities (used in)	(123.42)	(66.74)	(131.31)
From Financing activities (used in)	(110.34)	297.16	(1,093.95)
Net increase in cash (decreased)	48.19	138.35	10.21

Source of Funds

Liabilities

As at 31 December 2013, the Company's Trade and other payables was Baht 195.23 million which increased of Baht 77.71 million from year 2012 and short-term loan from financial institutions in 2013 was Baht 825.52 million, which decreased from year 2012 of Baht 949.09 million. The payments day was 81 days. The total liabilities were Baht 1,086.49 million, which decreased from year 2012 of Baht 954.93 million or decreased 46.78%. The short-term loan from financial institutions was 68.25% of total liabilities of the Company.

Shareholders' Equity

The shareholders' equity of the Company was Baht 2,245.40 million as at 31 December 2013, which increased of Baht 237.97 million from year 2012 or increased 11.85%.

Capital Structure

The debt to equity ratio as at 31 December 2013 and 31 December 2012 were 0.54 and 1.03 respectively.

Independent Auditor's Report

To the Shareholders of Pacific Pipe Public Company Limited

I have audited the accompanying consolidated financial statements of Pacific Pipe Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Pacific Pipe Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Pipe Public Company Limited and its subsidiaries and of Pacific Pipe Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Chonlaros Suntiasvaraporn
 Certified Public Accountant (Thailand) No. 4523
 Ernst & Young Office Limited
 Bangkok: 20 February 2014

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
		(Restated)			(Restated)		
Assets							
Current assets							
Cash and cash equivalents	8	297,646,253	287,435,328	149,084,263	194,660,553	160,239,922	47,873,115
Trade and other receivables	9	598,054,239	599,732,065	488,696,189	551,141,342	597,037,488	501,012,723
Inventories	10	1,392,786,704	1,649,216,505	1,600,141,304	1,373,078,619	1,648,648,767	1,600,141,304
Advance for raw material	11	15,954,690	352,995,942	55,781,025	15,954,690	352,995,942	55,781,025
Other current assets		4,985,383	52,161,809	3,003,133	4,189,859	51,163,887	1,992,576
Total current assets		2,309,427,269	2,941,541,649	2,296,705,914	2,139,025,063	2,810,086,006	2,206,800,743
Non-current assets							
Restricted bank deposits		-	-	66,168,520	-	-	66,168,520
Investments in subsidiaries	12	-	-	-	11,996,100	11,996,100	11,996,100
Property, plant and equipment	13	1,108,782,067	1,079,829,427	1,046,891,664	1,069,889,503	1,041,586,131	1,014,552,002
Intangible assets	14	32,555,530	35,006,722	36,465,126	32,482,722	34,898,421	36,360,254
Deferred tax assets	21	3,984,930	4,763,104	11,986,589	-	1,139,598	8,317,569
Other non-current assets		125,127	125,127	124,227	-	-	-
Total non-current assets		1,145,447,654	1,119,724,380	1,161,636,126	1,114,368,325	1,089,620,250	1,137,394,445
Total assets		3,454,874,923	4,061,266,029	3,458,342,040	3,253,393,388	3,899,706,256	3,344,195,188

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
		(Restated)			(Restated)		
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	15	825,516,510	1,774,606,603	1,370,913,129	825,516,510	1,774,606,603	1,370,913,129
Trade and other payables	17	195,231,439	117,518,388	65,755,528	197,594,160	119,956,902	69,597,376
Short-term loan from related party	7	-	75,000,000	-	-	75,000,000	-
Current portion of long-term loan							
from related party	7	-	1,470,734	3,419,534	-	-	-
Income tax payable		38,709,189	45,418,652	27,953,785	31,291,281	37,384,095	20,306,583
Other current liabilities		27,030,379	27,401,892	48,964,076	25,517,762	20,962,265	45,674,623
Total current liabilities		1,086,487,517	2,041,416,269	1,517,006,052	1,079,919,713	2,027,909,865	1,506,491,711
Non-current liabilities							
Long-term loan from related party,							
net of current portion	7	100,000,000	-	1,470,734	100,000,000	-	-
Deferred tax liabilities	21	2,426,655	-	-	2,426,655	-	-
Provision for long-term employee benefits	18	20,563,536	12,417,517	12,039,368	16,318,049	10,054,939	9,434,720
Total non-current liabilities		122,990,191	12,417,517	13,510,102	118,744,704	10,054,939	9,434,720
Total liabilities		1,209,477,708	2,053,833,786	1,530,516,154	1,198,664,417	2,037,964,804	1,515,926,431
Shareholders' equity							
Share capital							
Registered							
660,000,000 ordinary shares of Baht 1 each		660,000,000	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000
Issued and fully paid up							
660,000,000 ordinary shares of Baht 1 each		660,000,000	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000
Share premium							
Share premium on ordinary shares		514,845,000	514,845,000	514,845,000	514,845,000	514,845,000	514,845,000
Surplus on treasury shares		1,010,911	1,010,911	1,010,911	1,010,911	1,010,911	1,010,911
Retained earnings							
Appropriated - statutory reserve	19	67,000,000	67,000,000	67,000,000	67,000,000	67,000,000	67,000,000
Unappropriated		1,002,541,304	764,576,332	684,969,975	811,873,060	618,885,541	585,412,846
Total shareholders' equity		2,245,397,215	2,007,432,243	1,927,825,886	2,054,728,971	1,861,741,452	1,828,268,757
Total liabilities and shareholders' equity		3,454,874,923	4,061,266,029	3,458,342,040	3,253,393,388	3,899,706,256	3,344,195,188

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Profit or loss					
Revenues					
Sales and service income	7	7,277,986,243	7,099,098,065	7,222,130,229	7,024,005,116
Exchange gain		-	18,962,596	-	18,962,596
Dividend income	12	-	-	24,427,268	15,171,996
Other income		192,808,859	159,661,949	189,277,567	175,358,909
Total revenues		7,470,795,102	7,277,722,610	7,435,835,064	7,233,498,617
Expenses					
Cost of sales and services		6,525,828,341	6,536,343,958	6,527,914,057	6,535,555,672
Selling expenses		135,236,088	132,895,532	184,908,759	179,251,019
Administrative expenses		224,849,283	207,220,622	202,574,169	183,275,769
Exchange losses		24,501,074	-	24,501,074	-
Total expenses		6,910,414,786	6,876,460,112	6,939,898,059	6,898,082,460
Profit before finance cost and income tax expenses		560,380,316	401,262,498	495,937,005	335,416,157
Finance cost		(55,032,949)	(61,813,821)	(54,294,258)	(60,906,867)
Profit before income tax expenses		505,347,367	339,448,677	441,642,747	274,509,290
Income tax expenses	21	(98,046,305)	(81,634,316)	(80,083,690)	(62,836,595)
Profit for the year		407,301,062	257,814,361	361,559,057	211,672,695
Other comprehensive income:					
Actuarial losses	18	(5,405,760)	-	(4,465,985)	-
Income tax effect	21	1,081,152	-	893,197	-
Other comprehensive income for the year		(4,324,608)	-	(3,572,788)	-
Total comprehensive income for the year		402,976,454	257,814,361	357,986,269	211,672,695
Basic earnings per share					
Profit	22	0.62	0.39	0.55	0.32

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

	Consolidated financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		Total shareholders' equity	
				Appropriated	Unappropriated		
Balance as at 31 December 2011 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	672,983,386	1,915,839,297	
Cumulative effect of change in accounting policy for deferred tax (Note 4)					11,986,589	11,986,589	
Balance as at 31 December 2011 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	684,969,975	1,927,825,886	
Dividend paid (Note 25)	-	-	-	-	(178,208,004)	(178,208,004)	
Total comprehensive income for the year - restated	-	-	-	-	257,814,361	257,814,361	
Balance as at 31 December 2012 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	764,576,332	2,007,432,243	
Balance as at 31 December 2012 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	759,813,228	2,002,669,139	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	4,763,104	4,763,104	
Balance as at 31 December 2012 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	764,576,332	2,007,432,243	
Dividend paid (Note 25)	-	-	-	-	(165,011,482)	(165,011,482)	
Total comprehensive income for the year	-	-	-	-	402,976,454	402,976,454	
Balance as at 31 December 2013	660,000,000	514,845,000	1,010,911	67,000,000	1,002,541,304	2,245,397,215	

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

	Separate financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Surplus on treasury shares	Retained earnings		Total	
				Appropriated	Unappropriated		
Balance as at 31 December 2011 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	577,095,277	1,819,951,188	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	8,317,569	8,317,569	
Balance as at 31 December 2011 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	585,412,846	1,828,268,757	
Dividend paid (Note 25)	-	-	-	-	(178,200,000)	(178,200,000)	
Total comprehensive income for the year - restated	-	-	-	-	211,672,695	211,672,695	
Balance as at 31 December 2012 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	618,885,541	1,861,741,452	
Balance as at 31 December 2012 - as previously reported	660,000,000	514,845,000	1,010,911	67,000,000	617,745,943	1,860,601,854	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	1,139,598	1,139,598	
Balance as at 31 December 2012 - as restated	660,000,000	514,845,000	1,010,911	67,000,000	618,885,541	1,861,741,452	
Dividend paid (Note 25)	-	-	-	-	(164,998,750)	(164,998,750)	
Total comprehensive income for the year	-	-	-	-	357,986,269	357,986,269	
Balance as at 31 December 2013	660,000,000	514,845,000	1,010,911	67,000,000	811,873,060	2,054,728,971	

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

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	505,347,367	339,448,677	441,642,747	274,509,290
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	105,849,138	102,406,582	98,471,243	95,318,926
Allowance for doubtful accounts (reversal)	(339,620)	1,068,073	(263,836)	1,053,575
Reduction of inventory to net realisable value (reversal)	4,805,752	(17,919,341)	4,805,752	(17,919,341)
Loss on write-off/disposals of equipment	335,610	165,623	203,414	163,643
Write-off of intangible assets	-	983,235	-	983,235
Loss on inventory shortage	-	3,813	-	3,813
Provision for long-term employee benefits	2,740,259	1,503,314	1,797,125	1,165,219
Unrealised loss (gain) on exchange	2,546,379	(118,840)	2,546,379	(118,840)
Dividend income	-	-	(24,427,268)	(15,171,996)
Interest income	(1,807,052)	(2,043,638)	(1,286,244)	(1,583,695)
Interest expenses	53,268,901	58,417,858	53,252,285	58,267,752
Profit from operating activities before changes in operating assets and liabilities	672,746,734	483,915,356	576,741,597	396,671,581
Operating assets (increase) decrease				
Trade and other receivables	2,848,953	(112,078,583)	46,991,490	(97,052,974)
Inventories	251,624,049	(31,159,673)	270,764,396	(30,591,935)
Advance for raw material	337,041,252	(297,214,917)	337,041,252	(297,214,917)
Other current assets	47,612,960	(49,239,731)	47,410,563	(49,252,366)
Other non-current assets	-	(900)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	80,300,367	49,186,519	80,224,573	47,783,184
Other current liabilities	(371,513)	(21,562,184)	4,555,497	(24,712,358)
Other non-current liabilities	-	(1,125,165)	-	(545,000)
Cash flows from (used in) operating activities	1,391,802,802	20,720,722	1,363,729,368	(54,914,785)
Cash paid for interest expenses	(55,856,217)	(55,841,517)	(55,839,602)	(55,691,410)
Cash paid for corporate income tax	(100,469,787)	(56,945,964)	(81,717,054)	(38,581,112)
Net cash flows from (used in) operating activities	1,235,476,798	(92,066,759)	1,226,172,712	(149,187,307)

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

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Decrease in restricted bank deposits	-	66,168,520	-	66,168,520
Acquisition of property, plant and equipment	(131,029,007)	(130,365,221)	(122,905,141)	(117,407,042)
Acquisition of intangible assets	(1,677,880)	(4,819,578)	(1,677,880)	(4,781,057)
Dividend income	-	-	24,427,268	15,171,996
Interest income	1,370,518	2,124,693	849,710	1,664,749
Proceeds from sales of equipment	20,691	150,000	20,691	150,000
Net cash flows used in investing activities	(131,315,678)	(66,741,586)	(99,285,352)	(39,032,834)
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	(952,467,979)	403,786,948	(952,467,979)	403,786,948
Cash receipt from long-term loan from related party	100,000,000	75,000,000	100,000,000	75,000,000
Repayment of long-term loan from related party	(76,470,734)	(3,419,534)	(75,000,000)	-
Dividend paid	(165,011,482)	(178,208,004)	(164,998,750)	(178,200,000)
Net cash flows from (used in) financing activities	(1,093,950,195)	297,159,410	(1,092,466,729)	300,586,948
Net increase in cash and cash equivalents	10,210,925	138,351,065	34,420,631	112,366,807
Cash and cash equivalents at beginning of year	287,435,328	149,084,263	160,239,922	47,873,115
Cash and cash equivalents at end of year	297,646,253	287,435,328	194,660,553	160,239,922

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

Pacific Pipe Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2013

1. General information

Pacific Pipe Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholder is Tang Mong Seng Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in manufacturing and distribution of steel pipes for construction work. The registered office of the Company is at 298, 298/2, Soi Klabcharoen, Suksawat Road, Tambon Pakklongbangplakod, Amphur Phrasamutjedi, Samutprakarn.

2 Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Pacific Pipe Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u> Percent	<u>2012</u> Percent
Tamose Trading Company Limited	Distribution of steel pipes for construction	Thailand	99.94	99.94
Meesup Transport Company Limited	Transportation	Thailand	99.97	99.97

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting period and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014

		<u>Effective date</u>
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS <i>29 Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant on the financial statements for the year when they are initially applied.

4. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the change described in Note 3 to the financial statements to their significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position						
Increase in deferred tax assets	3,985	4,763	11,987	-	1,140	8,318
Increase in deferred tax liabilities	2,427	-	-	2,427	-	-
Increase (decrease) in unappropriated retained earnings	1,558	4,763	11,987	(2,427)	1,140	8,318

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2013	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2012
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax	4,286	7,223	4,460	7,178
Increase (decrease) in profit for the year	(4,286)	(7,223)	(4,460)	(7,178)
Increase (decrease) in basic earnings per share (Baht / share)	(0.006)	(0.011)	(0.007)	(0.011)
Other comprehensive income:				
Income tax effect on actuarial losses	(1,081)	-	(893)	-

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

Finished goods are valued at the lower of weighted average cost and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

5.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	10 - 20 years
Buildings and building improvement	20 - 30 years
Machinery and factory equipment	10 - 32 years
Office equipment	3 - 5 years
Motor vehicles	5 - 10 years

Depreciation is included in determining income

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	10 years

5.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of the entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plan

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.13 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

7. Related party transactions

The followings are relationships between the Company and related parties.

Name of entities	Nature of relationships
Tang Mong Seng Holding Company Limited	Major shareholder, 39.05% shareholding
Tamose Trading Company Limited	Subsidiary, 99.94% shareholding, all directors are representatives of the Company
Meesup Transport Company Limited	Subsidiary, 99.97% shareholding, all directors are representatives of the Company
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

During the years, 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 and those related parties.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	3,389	3,238	Reference to market price
Rental income	-	-	0.7	0.7	Contract price
Service income	-	-	0.8	0.8	Contract price
Commission paid	-	-	73	69	Contract price
Transportation expenses	-	-	87	74	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	4.2	1.5	4.2	1.4	4, 4.5 and MLR - 1.5 percent per annum
Office rental and service expenses	3.2	3.0	-	-	Contract price
<u>Transaction with related persons</u>					
Land rental	3.4	3.0	3.4	3.0	Contract price

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
(Unit: Thousand Baht)				
Trade receivable - related party (Note 9)				
Tamose Trading Company Limited	-	-	168,575	221,299
Total trade receivable - related party	-	-	168,575	221,299
Other payables - related parties (Note 17)				
Tamose Trading Company Limited	-	-	11,711	12,641
Meesup Transport Company Limited	-	-	2,806	2,692
Total other payables - related parties	-	-	14,517	15,333

Loans from related party

As at 31 December 2013 and 2012, the balances of short-term and long-term loans from related company and the movement are as follows:

		(Unit: Thousand Baht)			
		Separate financial statements			
Short-term loan	Related by	Balance as at	Movement during the year		Balance as at
		31 December 2012	Increase	Decrease	31 December 2013
Tang Mong Seng Holding Company Limited	Major shareholder	75,000	-	(75,000)	-
<u>Long-term loan</u>					
Tang Mong Seng Holding Company Limited	Major shareholder	-	100,000	-	100,000

Short-term loan represents loan that the Company has borrowed from Tang Mong Seng Holding Company Limited, carrying interest at a rate of 4 percent per annum (2012: 4 percent per annum). This loan is unsecured and due for repayment in July 2013. During the third quarter of the current year, the Company had fully paid the loan.

Long-term loan represents loan that the Company has borrowed from Tang Mong Seng Holding Company Limited, carrying interest at a rate of MLR - 1.5 percent per annum (MLR of a commercial bank). This loan is unsecured and due for repayment in July 2018.

(Unit: Thousand Baht)				
	Consolidated financial statements			
	Balance as at	Movement during the year		Balance as at
Long-term loan	31 December 2012	Increase	Decrease	31 December 2013
<u>The Company</u>				
Tang Mong Seng Holding Company Limited	-	100,000	-	100,000
<u>Subsidiary</u>				
Tang Mong Seng Holding Company Limited	1,471	-	(1,471)	-
	1,471	100,000	(1,471)	100,000

Long-term loan of the subsidiary represents loan that the subsidiary has borrowed from Tang Mong Seng Holding Company Limited. This loan carries interest at a rate of 4.5 percent per annum (2012: 4.5 percent per annum) and to be repaid on a monthly basis for 36 months from the contract date. The loan is secured by the pledge of the subsidiary's vehicles. During the second quarter of the current year, the subsidiary had fully paid the loan.

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
Short-term employee benefits	33,420	32,075	28,495	27,863
Post-employment benefits	1,215	753	1,120	606
Total	34,635	32,828	29,615	28,469

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 26 to the financial statements.

8. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
Cash	211	266	140	195
Bank deposits	297,435	287,169	194,521	160,045
Total	297,646	287,435	194,661	160,240

As at 31 December 2013, bank deposits in saving accounts carried interests between 0.500 and 0.625 percent per annum (2012: between 0.625 and 0.875 percent per annum).

9. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	137,716	175,410
Past due				
Up to 3 months	-	-	30,859	45,889
Total trade receivable - related party (Note 7)	-	-	168,575	221,299

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	406,621	449,783	244,937	264,598
Past due				
Up to 3 months	191,119	138,224	137,567	101,598
3 - 6 months	-	2,064	-	2,135
6 - 12 months	-	8,820	-	6,623
Over 12 months	23,418	24,285	7,487	8,473
Total	621,158	623,176	389,991	383,427
Less: Allowance for doubtful debts	(23,104)	(23,444)	(7,425)	(7,689)
Total trade receivables - unrelated parties, net	598,054	599,732	382,566	375,738
Total trade receivables - net	598,054	599,732	551,141	597,037

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	608,156	608,576	(7,337)	(4,461)	600,819	604,115
Raw materials	783,015	1,005,160	(7,699)	(5,769)	775,316	999,391
Factory supplies and others	16,652	15,284	-	-	16,652	15,284
Goods in transit	-	30,427	-	-	-	30,427
Total	1,407,823	1,659,447	(15,036)	(10,230)	1,392,787	1,649,217

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	588,448	608,008	(7,337)	(4,461)	581,111	603,547
Raw materials	783,015	1,005,160	(7,699)	(5,769)	775,316	999,391
Factory supplies and others	16,652	15,284	-	-	16,652	15,284
Goods in transit	-	30,427	-	-	-	30,427
Total	1,388,115	1,658,879	(15,036)	(10,230)	1,373,079	1,648,649

11. Advance for raw material

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	31 December 2013	31 December 2012
Advance for raw material	33,955	370,996
Less: Allowance for impairment	(18,000)	(18,000)
	15,955	352,996

The advance payment for raw materials included advance cash payment of Baht 29 million (31 December 2012: Baht 33 million) to purchase raw materials from a supplier. However, the supplier was unable to deliver the raw materials to the Company during the year 2011. Subsequently, the Company negotiated a revised delivery schedule but the supplier failed to meet the schedule again and stopped delivering the goods to the Company from June 2012 onwards. However, the Company has already set up allowance for impairment of Baht 18 million into accounts.

From the causes above, the supplier has negotiated with the Company how to settle the advance for raw materials. In April 2013, the Company and the supplier entered into a settlement agreement to repayment the outstanding within 3 years. The Company's management does not expect to incur losses in excess of the impairment loss as recorded in the financial statements.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2013	2012	2013	2012	2013	2012	2013	2012
			(%)	(%)				
Tamose Trading Company Limited	1,000	1,000	99.94	99.94	999	999	17,989	11,493
Meesup Transport Company Limited	9,200	9,200	99.97	99.97	10,997	10,997	6,438	3,679
Total					11,996	11,996	24,427	15,172

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Land improvement	Buildings and building improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Assets under construction	Total
Cost:								
1 January 2012	196,157	11,252	539,116	954,785	62,649	81,842	41,643	1,887,444
Additions	35,361	-	130	4,802	9,376	10,806	69,890	130,365
Transfers	-	-	24,899	48,876	-	600	(74,375)	-
Disposals	-	-	-	(1,940)	(3,224)	(249)	-	(5,413)
31 December 2012	231,518	11,252	564,145	1,006,523	68,801	92,999	37,158	2,012,396
Additions	-	-	-	3,596	2,159	7,808	117,466	131,029
Transfers	-	-	894	17,875	1,996	21,023	(41,788)	-
Disposals	-	-	-	(15,171)	(2,485)	(1,028)	-	(18,684)
31 December 2013	231,518	11,252	565,039	1,012,823	70,471	120,802	112,836	2,124,741
Accumulated depreciation:								
1 January 2012	-	263	200,270	552,834	40,108	47,077	-	840,552
Depreciation for the year	-	586	25,881	56,121	7,542	6,981	-	97,111
Depreciation on disposals	-	-	-	(1,705)	(3,143)	(249)	-	(5,097)
31 December 2012	-	849	226,151	607,250	44,507	53,809	-	932,566
Depreciation for the year	-	586	26,719	57,220	9,163	8,033	-	101,721
Depreciation on disposals	-	-	-	(14,964)	(2,456)	(908)	-	(18,328)
31 December 2013	-	1,435	252,870	649,506	51,214	60,934	-	1,015,959
Net book value:								
1 January 2012	196,157	10,989	338,846	401,951	22,541	34,765	41,643	1,046,892
31 December 2012	231,518	10,403	337,994	399,273	24,294	39,190	37,158	1,079,830
31 December 2013	231,518	9,817	312,169	363,317	19,257	59,868	112,836	1,108,782

Depreciation for the year

2012 (Baht 72.34 million included in manufacturing cost, and the balance in selling and administrative expenses)	97,111
2013 (Baht 73.91 million included in manufacturing cost, and the balance in selling and administrative expenses)	101,721

(Unit: Thousand Baht)

Separate financial statements

	Land	Land improvement	Buildings and building improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Assets under construction	Total
Cost:								
1 January 2012	196,157	11,252	539,116	954,785	52,006	16,688	41,643	1,811,647
Additions	35,361	-	130	4,802	8,211	1,215	67,688	117,407
Transfers	-	-	22,697	48,876	-	600	(72,173)	-
Disposals	-	-	-	(1,940)	(3,090)	(249)	-	(5,279)
31 December 2012	231,518	11,252	561,943	1,006,523	57,127	18,254	37,158	1,923,775
Additions	-	-	-	3,597	1,901	-	117,407	122,905
Transfers	-	-	894	17,875	1,996	20,963	(41,728)	-
Disposals	-	-	-	(15,171)	(1,813)	(92)	-	(17,076)
31 December 2013	231,518	11,252	562,837	1,012,824	59,211	39,125	112,837	2,029,604
Accumulated depreciation:								
1 January 2012	-	263	200,270	552,834	31,958	11,770	-	797,095
Depreciation for the year	-	586	25,875	56,121	6,163	1,313	-	90,058
Depreciation on disposals	-	-	-	(1,705)	(3,011)	(249)	-	(4,965)
31 December 2012	-	849	226,145	607,250	35,110	12,834	-	882,188
Depreciation for the year	-	586	26,609	57,220	8,574	1,390	-	94,379
Depreciation on disposals	-	-	-	(14,964)	(1,797)	(91)	-	(16,852)
31 December 2013	-	1,435	252,754	649,506	41,887	14,133	-	959,715
Net book value:								
1 January 2012	196,157	10,989	338,846	401,951	20,048	4,918	41,643	1,014,552
31 December 2012	231,518	10,403	335,798	399,273	22,017	5,420	37,158	1,041,587
31 December 2013	231,518	9,817	310,083	363,318	17,324	24,992	112,837	1,069,889

Depreciation for the year

2012 (Baht 72.34 million included in manufacturing cost, and the balance in selling and administrative expenses)	90,058
2013 (Baht 73.91 million included in manufacturing cost, and the balance in selling and administrative expenses)	94,379

As at 31 December 2013, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 275 million (2012: Baht 179 million) (the Company only: Baht 252 million, 2012: Baht 161 million).

14. Intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	System development under process	Total	Computer software	System development under process	Total
As at 31 December 2013						
Cost	44,101	4,387	48,488	43,694	4,387	48,081
Less Accumulated amortisation	(15,932)	-	(15,932)	(15,598)	-	(15,598)
Net book value	28,169	4,387	32,556	28,096	4,387	32,483
As at 31 December 2012						
Cost	43,460	3,350	46,810	43,053	3,350	46,403
Less Accumulated amortisation	(11,804)	-	(11,804)	(11,505)	-	(11,505)
Net book value	31,656	3,350	35,006	31,548	3,350	34,898

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	35,006	36,465	34,898	36,360
Acquisition of computer software	641	4,819	641	4,781
Increase of system development under process	1,037	-	1,037	-
Amortisation	(4,128)	(5,295)	(4,093)	(5,260)
Write off	-	(983)	-	(983)
Net book value at end of year	32,556	35,006	32,483	34,898

15. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated / Separate financial statements	
		31 December 2013	31 December 2012
Short-term loans from financial institutions	3.17 - 3.47	757,858	1,469,778
Trust receipt	1.75 - 2.30	67,659	304,829
		825,517	1,774,607

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

As at 31 December 2013, the credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 4,954 million (2012: Baht 2,587 million).

16. Long-term credit facilities

During the third quarter of the current year, the Company entered into a long-term loan agreement with a commercial bank. The long-term credit facility is Baht 650 million. As at 31 December 2013, the Company has not yet drawn down this long-term loan.

The long-term loan agreement of the Company contains covenants that, among other things, required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks, the maintenance of certain debt to equity and debt service coverage ratios according to the agreement.

17. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
Trade payables - unrelated parties	103,469	26,624	101,896	24,892
Other payables - related parties (Note 7)	-	-	14,517	15,333
Other payables - unrelated parties	43,189	46,744	40,280	44,031
Accrued expenses	48,573	44,150	40,901	35,701
Total trade and other payables	195,231	117,518	197,594	119,957

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
Provision for long-term employee benefits at beginning of year	12,418	12,039	10,055	9,435
Current service cost	1,798	1,010	1,174	778
Interest cost	942	494	623	387
Benefits paid during the year	-	(1,125)	-	(545)
Actuarial loss	5,406	-	4,466	-
Provision for long-term employee benefits at end of year	20,564	12,418	16,318	10,055

Long-term employee benefit expenses included in the profit or loss was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	financial statements	2012
Current service cost	1,798	1,010	1,174	778
Interest cost	942	494	623	387
Total expenses recognised in profit or loss	2,740	1,504	1,797	1,165
Line items under which such expenses are included in profit or loss				
Cost of sales	325	303	325	303
Selling and administrative expenses	2,415	1,201	1,472	862

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 5.4 million (The Company only: Baht 4.5 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.3	4.1	4.3	4.1
Future salary increase rate	3 - 9	3 - 9	3 - 9	3 - 9
Staff turnover rate (depending on age)	0 - 40	0 - 40	0 - 40	0 - 40

Amounts of defined benefit obligation for the current and previous three periods are as follows:

	Defined benefit obligation		(Unit: Thousand Baht)	
			Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	20,564	16,318	5,058	4,204
Year 2012	12,418	10,055	-	-
Year 2011	12,039	9,435	-	-
Year 2010	10,646	8,355	-	-

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	238,168	226,693	214,503	206,087
Depreciation and amortisation expenses	105,849	102,407	98,471	95,319
Transportation expenses	39,167	40,734	107,502	101,100
Commission expenses	3,356	4,772	73,573	71,276
Raw materials and consumables used	6,248,829	6,171,982	6,248,829	6,171,982
Changes in inventories of finished goods	(420)	(125,169)	(19,560)	(125,737)

21. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	97,250	74,411	79,114	55,659
Adjustment in respect of current income tax of previous year	(3,490)	-	(3,490)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	4,286	7,223	4,460	7,178
Income tax expenses reported in the statement of comprehensive income	<u>98,046</u>	<u>81,634</u>	<u>80,084</u>	<u>62,837</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before tax	505,347	339,449	441,643	274,509
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	101,069	78,073	88,329	63,137
Adjustment in respect of current income tax of previous year	(3,490)	-	(3,490)	-
Effects of changes in the applicable tax rate	-	(1,084)	-	(1,077)
Effects of:				
Non-deductible expenses	543	1,109	379	859
Additional expense deductions allowed	(249)	(82)	(249)	(82)
Dividend income from subsidiaries	-	-	(4,885)	-
Others	173	3,618	-	-
Total	467	4,645	(4,755)	777
Income tax expenses reported in the statement of comprehensive income	98,046	81,634	80,084	62,837

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
Deferred tax relating to actuarial losses-(decrease)	(1,081)	-	(893)	-

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)					
	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
		(Restated)			(Restated)	
Deferred tax assets						
Allowance for doubtful accounts	4,621	4,689	4,475	1,485	1,538	1,327
Allowance for diminution in value of inventories	3,007	2,046	5,630	3,007	2,046	5,630
Allowance for advance for raw material	3,600	3,600	3,600	3,600	3,600	3,600
Provision for long-term employee benefits	4,112	2,484	2,408	3,263	2,012	1,887
Total	15,340	12,819	16,113	11,355	9,196	12,444

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Deferred tax liabilities						
Difference depreciation between tax and accounting base	13,782	8,056	4,126	13,782	8,056	4,126
Total	13,782	8,056	4,126	13,782	8,056	4,126
Presentation in the statements of financial position						
Deferred tax assets	3,985	4,763	11,987	-	1,140	8,318
Deferred tax liabilities	(2,427)	-	-	(2,427)	-	-
Total	1,558	4,763	11,987	(2,427)	1,140	8,318

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

22. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

23. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Managing Director.

The one main reportable operating segment of the Company and its subsidiaries is the manufacture and distribution of steel pipes for construction work for both domestic and export markets and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss and total assets, on a basis consistent with that used to measure operating profit or loss and total assets 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.

For the year ended 31 December 2013, export sales of the Company and its subsidiaries represented approximately 2.2 percent (31 December 2012: 5.3 percent) of total sales. The export sales of the Company only for year then ended represented approximately 2.1 percent (31 December 2012: 5.4 percent) of the Company's sales.

24. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 5 percent of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and its subsidiaries contributed Baht 2.1 million (2012: Baht 2.1 million) to the fund.

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht/share)
Final dividends for 2011	Annual General Meeting of the shareholders on 19 April 2012	178.2	0.27
Total for 2012		178.2	0.27
Final dividends for 2012	Annual General Meeting of the shareholders on 23 April 2013	165.0	0.25
Total for 2013		165.0	0.25

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2013, the Company had capital commitments of approximately Baht 20.8 million, Euro 1.5 million and USD 0.8 million (2012: Baht 2.7 million) relating to purchases of machinery and software system development and construction consultant.

26.2 Letters of credit

The Company and its subsidiaries had commitments under letters of credit with overseas suppliers amounting to approximately USD 0.1 million and Euro 1.3 million (2012: USD 16.6 million).

26.3 Operating lease commitments

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of land and motor vehicles with related parties and other companies. The terms of the agreements were generally between 3 and 10 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements			
	Related parties		Unrelated parties	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Payable:				
In up to 1 year	6.9	6.2	1.9	1.9
In over 1 and up to 2 years	6.0	2.2	1.1	2.9

(Unit: Million Baht)

	Separated financial statements			
	Related parties		Unrelated parties	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Payable:				
In up to 1 year	3.0	3.3	1.9	1.9
In over 1 and up to 2 years	1.0	1.9	1.1	2.9

26.4 Guarantees

- (1) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 50 million (2012: Baht 22 million), issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 37 million (2012: Baht 9 million) to guarantee payments due to Customs Department, Baht 12 million (2012: Baht 12 million) to guarantee electricity use and Baht 1 million (2012: Baht 1 million) to guarantee as a Gold Card importer and exporter to the Customs Department.
- (2) The Company guaranteed credit card facility of its subsidiary company amounting to Baht 1 million (2012: Baht 1 million).

27. Financial instruments

27.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)					
As at 31 December 2013					
Consolidated financial statements	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalent	-	298	-	298	0.500 - 0.625
Trade and other receivables	-	-	598	598	-
	-	298	598	896	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	826	-	-	826	1.75 - 3.47
Long-term loan from related party	-	100	-	100	MLR - 1.5
Trade and other payables	-	-	195	195	-
	826	100	195	1,121	

(Million Baht)					
As at 31 December 2012					
Consolidated financial statements	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalent	-	287	-	287	0.625 - 0.875
Trade and other receivables	-	-	600	600	-
	-	287	600	887	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	1,775	-	-	1,775	2.19 - 3.95
Short-term loan from related party	75	-	-	75	4.0
Long-term loan from related party	1	-	-	1	4.5
Trade and other payables	-	-	118	118	-
	1,851	-	118	1,969	

(Million Baht)					
As at 31 December 2013					
Separate financial statements	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalent	-	195	-	195	0.500 - 0.625
Trade and other receivables	-	-	551	551	-
	-	195	551	746	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	826	-	-	826	1.75 - 3.47
Long-term loan from related party	-	100	-	100	MLR - 1.5
Trade and other payables	-	-	198	198	-
	826	100	198	1,124	

(Million Baht)					
As at 31 December 2012					
Separate financial statements	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalent	-	160	-	160	0.625 - 0.875
Trade and other receivables	-	-	597	597	-
	-	160	597	757	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	1,775	-	-	1,775	2.19 - 3.95
Short-term loan from related party	75	-	-	75	4.0
Trade and other payables	-	-	120	120	-
	1,850	-	120	1,970	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

The Company has financial assets and financial liabilities denominated in foreign currencies which mature within one year and are unhedged for the foreign currency risk as follows:

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2013</u> (Million)	<u>2012</u> (Million)	<u>2013</u> (Million)	<u>2012</u> (Million)	<u>2013</u> (Baht per 1 foreign currency unit)	<u>2012</u>
US dollar	1.3	0.7	1.6	9.9	32.7645	30.5824
Euro	-	-	0.4	-	44.9602	40.4974

27.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 0.5:1 (2012: 1.0:1) and the Company's was 0.6:1 (2012: 1.1:1).

29. Events after the reporting period

On 20 February 2014, the Company's Board of Directors meeting approved for payment of a final dividend of Baht 0.40 per share, or a total of approximately Baht 264 million, from the operating results for the year ended 31 December 2013.

However, this resolution will be further proposed for the shareholders' approval in the Ordinary General Meeting of Shareholders for fiscal year 2014.

30. Reclassification

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2012		As at 1 January 2012	
	As reclassified	As previously reported	As reclassified	As previously reported
Property, plant and equipmer	1,079,830	1,071,036	1,046,892	1,038,098
Intangible assets	35,006	43,800	36,465	45,259

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2012		As at 1 January 2012	
	As reclassified	As previously reported	As reclassified	As previously reported
Property, plant and equipmer	1,041,587	1,032,793	1,014,552	1,005,758
Intangible assets	34,898	43,692	36,360	45,154

The reclassifications had no effect to previously reported profit or shareholders' equity.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2014.



PACIFIC PIPE

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