

Pacific Pipe Public Company Limited and its subsidiaries
Report and consolidated interim financial statements
For the three-month and six-month periods ended
30 June 2013

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pacific Pipe Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pacific Pipe Public Company Limited and its subsidiaries as at 30 June 2013, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2013, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of matter

I draw attention to Note 3 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 Income Taxes. My conclusion is not qualified in respect of this matter.

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

Ernst & Young Office Limited

Bangkok: 13 August 2013

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2013

(Unit: Thousand Baht)

		Consolidated financial statements			Separate financial statements		
	Note	30 June 2013	31 December 2012	1 January 2012	30 June 2013	31 December 2012	1 January 2012
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
Assets							
Current assets							
Cash and cash equivalents		402,483	287,435	149,084	273,449	160,240	47,873
Trade and other receivables	5	664,078	599,732	488,696	647,865	597,037	501,013
Inventories	6	1,836,443	1,649,217	1,600,141	1,823,315	1,648,649	1,600,141
Advance for raw material	7	90,556	352,996	55,781	90,556	352,996	55,781
Other current assets		20,403	52,162	3,003	19,431	51,164	1,993
Total current assets		3,013,963	2,941,542	2,296,705	2,854,616	2,810,086	2,206,801
Non-current assets							
Restricted bank deposits		-	-	66,169	-	-	66,169
Investments in subsidiaries		-	-	-	11,996	11,996	11,996
Property, plant and equipment	8	1,093,668	1,079,830	1,046,892	1,051,586	1,041,587	1,014,552
Intangible assets		33,411	35,006	36,465	33,321	34,898	36,360
Deferred tax assets	3	8,962	4,763	11,987	5,310	1,140	8,318
Other non-current assets		125	125	124	-	-	-
Total non-current assets		1,136,166	1,119,724	1,161,637	1,102,213	1,089,621	1,137,395
Total assets		4,150,129	4,061,266	3,458,342	3,956,829	3,899,707	3,344,196

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

		Consolidated financial statements			Separate financial statements		
	Note	30 June 2013	31 December 2012	1 January 2012	30 June 2013	31 December 2012	1 January 2012
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	9	1,805,335	1,774,607	1,370,913	1,805,335	1,774,607	1,370,913
Trade and other payables	10	99,140	117,518	65,756	104,126	119,957	69,597
Short-term loan from related party	4	75,000	75,000	-	75,000	75,000	-
Current portion of long-term loan							
from related party	4	-	1,471	3,420	-	-	-
Income tax payable		53,417	45,419	27,954	45,824	37,384	20,307
Other current liabilities		53,559	27,401	48,963	47,186	20,962	45,675
Total current liabilities		2,086,451	2,041,416	1,517,006	2,077,471	2,027,910	1,506,492
Non-current liabilities							
Long-term loan from related party,							
net of current portion	4	-	-	1,471	-	-	-
Provision for long-term employee benefits	11	13,225	12,418	12,039	10,681	10,055	9,435
Total non-current liabilities		13,225	12,418	13,510	10,681	10,055	9,435
Total liabilities		2,099,676	2,053,834	1,530,516	2,088,152	2,037,965	1,515,927

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	<u>30 June 2013</u>	<u>31 December 2012</u>	<u>1 January 2012</u>	<u>30 June 2013</u>	<u>31 December 2012</u>	<u>1 January 2012</u>
	(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
Shareholders' equity						
Share capital						
Registered						
660,000,000 ordinary shares of Baht 1 each	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Issued and fully paid up						
660,000,000 ordinary shares of Baht 1 each	660,000	660,000	660,000	660,000	660,000	660,000
Share premium						
Share premium on ordinary shares	514,845	514,845	514,845	514,845	514,845	514,845
Surplus on treasury shares	1,011	1,011	1,011	1,011	1,011	1,011
Retained earnings						
Appropriated - statutory reserve	67,000	67,000	67,000	67,000	67,000	67,000
Unappropriated	<u>807,597</u>	<u>764,576</u>	<u>684,970</u>	<u>625,821</u>	<u>618,886</u>	<u>585,413</u>
Total shareholders' equity	<u>2,050,453</u>	<u>2,007,432</u>	<u>1,927,826</u>	<u>1,868,677</u>	<u>1,861,742</u>	<u>1,828,269</u>
Total liabilities and shareholders' equity	<u>4,150,129</u>	<u>4,061,266</u>	<u>3,458,342</u>	<u>3,956,829</u>	<u>3,899,707</u>	<u>3,344,196</u>
	-	-	-	-	-	-

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

Directors

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2013

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

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Sales and service income	4	1,889,275	1,711,958	1,872,353	1,697,409
Other income		57,169	45,510	56,245	46,710
Total revenues		1,946,444	1,757,468	1,928,598	1,744,119
Expenses					
Cost of sales and services		1,773,030	1,585,159	1,772,236	1,585,290
Selling expenses		35,184	31,312	46,004	42,893
Administrative expenses		57,001	52,969	52,001	48,048
Exchange loss		55,658	5,999	55,658	5,999
Total expenses		1,920,873	1,675,439	1,925,899	1,682,230
Profit before finance cost					
and income tax expenses		25,571	82,029	2,699	61,889
Finance cost		(16,625)	(16,422)	(16,446)	(16,199)
Profit (loss) before income tax expenses		8,946	65,607	(13,747)	45,690
Income tax expenses	12	1,876	(13,501)	6,144	(8,853)
Profit (loss) for the period		10,822	52,106	(7,603)	36,837
Other comprehensive income for the period					
		-	-	-	-
Total comprehensive income for the period		10,822	52,106	(7,603)	36,837
Earnings per share					
Basic earnings per share					
Profit (loss) for the period	13	0.02	0.08	(0.01)	0.06

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2013

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

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Sales and service income	4	3,767,322	3,398,739	3,734,949	3,353,158
Other income		95,704	73,784	94,320	90,191
Total revenues		3,863,026	3,472,523	3,829,269	3,443,349
Expenses					
Cost of sales and services		3,357,915	3,158,384	3,355,855	3,158,320
Selling expenses		66,598	64,229	92,240	83,746
Administrative expenses		114,786	100,076	102,973	91,041
Exchange loss (gain)		35,641	(8,839)	35,641	(8,839)
Total expenses		3,574,940	3,313,850	3,586,709	3,324,268
Profit before finance cost					
and income tax expenses		288,086	158,673	242,560	119,081
Finance cost		(32,150)	(31,470)	(31,763)	(31,009)
Profit before income tax expenses		255,936	127,203	210,797	88,072
Income tax expenses	12	(47,916)	(29,540)	(38,863)	(20,291)
Profit for the period		208,020	97,663	171,934	67,781
Other comprehensive income for the period					
		-	-	-	-
Total comprehensive income for the period		208,020	97,663	171,934	67,781
Earnings per share					
Basic earnings per share					
Profit for the period	13	0.32	0.15	0.26	0.10

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities				
Profit before tax	255,936	127,203	210,797	88,072
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	53,675	49,924	50,100	46,540
Allowance for doubtful accounts (reversal)	(152)	1,568	(114)	1,498
Decrease of inventory to net realisable value (reversal)	33,983	(7,366)	33,983	(7,366)
Loss on write-off/disposals of equipment	21	178	12	176
Write-off of intangible assets	-	876	-	876
Provision for long-term employee benefits	807	752	626	582
Unrealised loss on exchange	43,538	6,357	43,538	6,357
Interest income	(729)	(1,370)	(435)	(1,148)
Interest expenses	31,229	29,112	31,213	29,018
Profit from operating activities before changes in operating assets and liabilities	418,308	207,234	369,720	164,605
Operating assets (increase) decrease				
Trade and other receivables	(64,097)	(149,911)	(50,617)	(107,741)
Inventories	(221,210)	69,053	(208,650)	69,566
Advance for raw material	262,440	17,255	262,440	17,255
Other current assets	31,759	(2,966)	31,732	(2,832)
Other non-current assets	-	(3)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(18,416)	133,037	(15,868)	136,167
Other current liabilities	26,158	(15,120)	26,224	(13,262)
Other non-current liabilities	-	(580)	-	-
Cash flows from operating activities	434,942	257,999	414,981	263,758
Cash paid for interest expenses	(31,192)	(29,368)	(31,175)	(29,274)
Cash paid for corporate income tax	(44,116)	(30,049)	(34,593)	(21,168)
Net cash flows from operating activities	359,634	198,582	349,213	213,316

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Increase in restricted bank deposits	-	66,169	-	66,169
Acquisition of property, plant and equipment	(65,507)	(69,350)	(58,102)	(61,524)
Acquisition of intangible assets	(451)	(1,322)	(451)	(1,283)
Interest income	729	1,395	435	1,173
Proceeds from sales of equipment	20	150	20	150
Net cash flows from (used in) investing activities	<u>(65,209)</u>	<u>(2,958)</u>	<u>(58,098)</u>	<u>4,685</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institutions	(12,907)	49,043	(12,907)	49,043
Repayment of long-term loan from related party	(1,471)	(1,690)	-	-
Dividend paid	<u>(164,999)</u>	<u>(178,200)</u>	<u>(164,999)</u>	<u>(178,200)</u>
Net cash flows used in financing activities	<u>(179,377)</u>	<u>(130,847)</u>	<u>(177,906)</u>	<u>(129,157)</u>
Net increase in cash and cash equivalents	115,048	64,777	113,209	88,844
Cash and cash equivalents at beginning of period	<u>287,435</u>	<u>149,084</u>	<u>160,240</u>	<u>47,873</u>
Cash and cash equivalents at end of period	<u>402,483</u>	<u>213,861</u>	<u>273,449</u>	<u>136,717</u>
	-		-	

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements					
	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	514,845	1,011	67,000	672,983	1,915,839
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	11,987	11,987
Balance as at 31 December 2011 - as restated	660,000	514,845	1,011	67,000	684,970	1,927,826
Dividend paid (Note 14)	-	-	-	-	(178,200)	(178,200)
Total comprehensive income for the period - restated	-	-	-	-	97,663	97,663
Balance as at 30 June 2012 - as restated	660,000	514,845	1,011	67,000	604,433	1,847,289
Balance as at 31 December 2012 - as previously reported	660,000	514,845	1,011	67,000	759,813	2,002,669
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	4,763	4,763
Balance as at 31 December 2012 - as restated	660,000	514,845	1,011	67,000	764,576	2,007,432
Dividend paid (Note 14)	-	-	-	-	(164,999)	(164,999)
Total comprehensive income for the period	-	-	-	-	208,020	208,020
Balance as at 30 June 2013	660,000	514,845	1,011	67,000	807,597	2,050,453

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Separate financial statements					
	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	514,845	1,011	67,000	577,095	1,819,951
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	8,318	8,318
Balance as at 31 December 2011 - as restated	660,000	514,845	1,011	67,000	585,413	1,828,269
Dividend paid (Note 14)	-	-	-	-	(178,200)	(178,200)
Total comprehensive income for the period - restated	-	-	-	-	67,781	67,781
Balance as at 30 June 2012 - as restated	660,000	514,845	1,011	67,000	474,994	1,717,850
Balance as at 31 December 2012 - as previously reported	660,000	514,845	1,011	67,000	617,746	1,860,602
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	-	1,140	1,140
Balance as at 31 December 2012 - as restated	660,000	514,845	1,011	67,000	618,886	1,861,742
Dividend paid (Note 14)	-	-	-	-	(164,999)	(164,999)
Total comprehensive income for the period	-	-	-	-	171,934	171,934
Balance as at 30 June 2013	660,000	514,845	1,011	67,000	625,821	1,868,677

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

Pacific Pipe Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2013

1. General information

1.1 Corporate 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

The consolidated interim financial statements included the financial statements of the Company and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2012. There has been no change in the composition of the Group during the current period.

1.4 Application of new accounting standards during the period

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

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

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 the first quarter of the current year 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 3 to the financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2012, except for the change in the accounting policy due to the adoption of TAS 12 *Income Taxes* as follow:

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.

2. New accounting standards issued during the period and not yet effective

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the first quarter of the current year, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows.

		<u>Effective date</u>
Financial Reporting Standard:		
TFRS 4	Insurance Contracts	1 January 2016
Accounting Standard Interpretation:		
TSIC 29	Service Concession Arrangements: Disclosures	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 29 Financial Reporting in Hyperinflationary Economies	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

The management of the Company has assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they are not relevant to the business of the Company and its subsidiaries.

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

During the first quarter of the current year, the Company and its subsidiaries made the change described in Note 1.5 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.

(Unaudited but reviewed)

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	As at	As at	As at	As at	As at
	30 June	31 December	1 January	30 June	31 December	1 January
	2013	2012	2012	2013	2012	2012
Statements of financial position						
Increase in deferred tax assets	8,962	4,763	11,987	5,310	1,140	8,318
Increase in unappropriated retained earnings	8,962	4,763	11,987	5,310	1,140	8,318

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month	For the three-month	For the three-month	For the three-month
	period ended	period ended	period ended	period ended
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax	(3,023)	1,479	(3,012)	1,513
Increase (decrease) in profit for the period	3,023	(1,479)	3,012	(1,513)
Increase (decrease) in basic earnings per share (Baht / share)	0.005	(0.002)	0.005	(0.002)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month	For the six-month	For the six-month	For the six-month
	period ended	period ended	period ended	period ended
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax	(4,198)	3,069	(4,170)	3,001
Increase (decrease) in profit for the period	4,198	(3,069)	4,170	(3,001)
Increase (decrease) in basic earnings per share (Baht / share)	0.006	(0.005)	0.006	(0.005)

4. 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 periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	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	-	-	885.6	753.0	Reference to market price
Rental income	-	-	0.1	0.1	Contract price
Service income	-	-	0.2	0.2	Contract price
Commission paid	-	-	18.6	16.4	Contract price
Transportation expenses	-	-	20.5	18.3	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	0.8	0.04	0.7	-	4 and 4.5 percent per annum
Office rental and service expenses	0.8	0.8	-	-	Contract price
<u>Transaction with related persons</u>					
Land rental	0.8	0.8	0.8	0.8	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	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	-	-	1,779.7	1,554.2	Reference to market price
Rental income	-	-	0.3	0.3	Contract price
Service income	-	-	0.4	0.4	Contract price
Commission paid	-	-	37.2	32.3	Contract price
Transportation expenses	-	-	42.1	33.8	Reference to market price
<u>Transactions with related party</u>					
Interest expenses	1.6	0.09	1.5	-	4 and 4.5 percent per annum
Office rental and service expenses	1.6	1.6	-	-	Contract price
<u>Transaction with related persons</u>					
Land rental	1.6	1.6	1.6	1.6	Contract price

The balances of the accounts as at 30 June 2013 and 31 December 2012 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
<u>Trade receivable - related party (Note 5)</u>				
Tamose Trading Company Limited	-	-	259,857	221,299
Total trade receivable - related party	-	-	259,857	221,299
<u>Other receivables - related parties (Note 5)</u>				
Tamose Trading Company Limited	-	-	372	-
Meesup Transport Company Limited	-	-	59	-
Total other receivables - related parties	-	-	431	-
<u>Other payables - related parties (Note 10)</u>				
Tamose Trading Company Limited	-	-	14,763	12,641
Meesup Transport Company Limited	-	-	3,540	2,692
Directors	1,660	-	1,660	-
Total other payables - related parties	1,660	-	19,963	15,333

Loans from related party

As at 30 June 2013 and 31 December 2012, the balances of short-term and long-term loans from related company and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	Balance as at	Movement during the period		Balance as at
	31 December 2012	Increase	Decrease	30 June 2013
Short-term loan				
Tang Mong Seng Holding Company Limited	75,000	-	-	75,000

The above short-term loan represents the 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.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	Movement during the period		Balance as at
	31 December 2012	Increase	Decrease	30 June 2013
Long-term loan				
Tang Mong Seng Holding Company Limited	1,471	-	(1,471)	-

The above long-term loan represents the 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 current quarter, the subsidiary had fully paid the loan.

Directors and management's benefits

During the six-month periods ended 30 June 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	16,433	15,710	13,970	13,859
Post-employment benefits	559	340	512	303
Total	16,992	16,050	14,482	14,162

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 15 to the financial statements.

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
<u>Trade receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	214,715	175,410
Past due				
Up to 3 months	-	-	45,142	45,889
Total trade receivable - related party (Note 4)	-	-	259,857	221,299
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	556,549	449,783	308,720	264,598
Past due				
Up to 3 months	98,122	138,224	71,217	101,598
3 - 6 months	-	2,064	-	2,135
6 - 12 months	2,251	8,820	2,291	6,623
Over 12 months	30,448	24,285	12,924	8,473
Total	687,370	623,176	395,152	383,427
Less: Allowance for doubtful debts	(23,292)	(23,444)	(7,575)	(7,689)
Total trade receivables - unrelated parties, net	664,078	599,732	387,577	375,738
Total trade receivables - net	664,078	599,732	647,434	597,037
<u>Other receivables</u>				
Other receivables - related parties	-	-	431	-
Total other receivables - related parties (Note 4)	-	-	431	-
Total trade and other receivables - net	664,078	599,732	647,865	597,037

6. Inventories

Movements in the reduce cost of inventory to net realisable value account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate
	financial statements
Balance as at 1 January 2013	10,230
Add: Record during the period	33,983
Balance as at 30 June 2013	44,213

7. Advance for raw material

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 June 2013	31 December 2012
Advance for raw material	108,556	370,996
Less: Allowance for impairment	(18,000)	(18,000)
	90,556	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.

8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2013	1,079,830	1,041,587
Acquisitions during the period - at cost	65,507	58,102
Disposals during the period - net book value at disposal date	(41)	(32)
Depreciation for the period	(51,628)	(48,071)
Net book value as at 30 June 2013	1,093,668	1,051,586

9. Short-term loans from financial institutions

		(Unit: Thousand Baht)	
	Interest rate	Consolidated / Separate financial statements	
	(Percent per annum)	30 June 2013	31 December 2012
Short-term loans from financial institutions	3.35 - 3.70	946,125	1,469,778
Trust receipt	2.23 - 2.40	859,210	304,829
		1,805,335	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.

10. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
Trade payables - unrelated parties	22,893	26,624	20,706	24,892
Other payables - related parties (Note 4)	1,660	-	19,963	15,333
Other payables - unrelated parties	43,735	46,744	40,471	44,031
Accrued expenses	30,852	44,150	22,986	35,701
Total trade and other payables	99,140	117,518	104,126	119,957

11. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	12,418	10,055
Add: Recognition during the period	807	626
Balance as at 30 June 2013	<u>13,225</u>	<u>10,681</u>

12. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month period ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Interim corporate income tax charge	1,147	12,022	(3,132)	7,340
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,023)	1,479	(3,012)	1,513
Income tax expenses reported in the statements of comprehensive income	<u>(1,876)</u>	<u>13,501</u>	<u>(6,144)</u>	<u>8,853</u>

	(Unit: Thousand Baht)			
	For the six-month period ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Interim corporate income tax charge	52,114	26,471	43,033	17,290
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,198)	3,069	(4,170)	3,001
Income tax expenses reported in the statements of comprehensive income	<u>47,916</u>	<u>29,540</u>	<u>38,863</u>	<u>20,291</u>

13. Basic earnings per share

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

14. 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

15. Commitments and contingent liabilities**15.1 Capital commitments**

As at 30 June 2013, the Company had capital commitments of approximately EUR 1.9 million, USD 1.0 million and Baht 5.7 million, relating to purchases of machinery and software system development and construction consultant (31 December 2012: Baht 2.7 million).

15.2 Letters of credit

The Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 0.7 million (31 December 2012: USD 16.6 million).

15.3 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.

The Company and its subsidiaries have future minimum lease payments required under these non-cancellable operating leases contracts as follows.

	(Unit: Million Baht)			
	Related parties		Unrelated parties	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Payable within :				
Less than 1 year	5.0	6.2	2.8	1.9
In over 1 and up to 3 years	2.2	2.2	2.0	2.9

15.4 Guarantees

- (1) As at 30 June 2013, there were outstanding bank guarantees of approximately Baht 47.2 million (31 December 2012: Baht 22.0 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 34.0 million (31 December 2012: Baht 9.0 million) to guarantee payments due to Customs Department, Baht 12.2 million (31 December 2012: Baht 12.0 million) to guarantee electricity use and Baht 1.0 million (31 December 2012: Baht 1.0 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 1.0 million (31 December 2012: Baht 1.0 million).

16. 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, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the three-month and six-month periods ended 30 June 2013, export sales of the Company and its subsidiaries represented approximately 3.1 percent and 2.3 percent (30 June 2012: 7.7 percent and 6.6 percent) of total sales. The export sales of the Company only for the three-month and six-month periods then ended represented approximately 3.1 percent and 2.2 percent (30 June 2012: 7.8 percent and 6.6 percent) of the Company's sales.

17. Foreign currency risk

As at 30 June 2013, the Company has financial assets and financial liabilities denominated in foreign currency which mature within one year as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.7	0.7	27.5	9.9	31.0775	30.5824

The Company has option contracts outstanding as at 30 June 2013 as below.

Contract	Amount	Contractual exchange rate	Contractual maturity date
	(USD million)	(Baht per 1 USD)	
Buy call option	16	29.65-30.15	18 July 2013 - 19 September 2013

18. 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 equipment	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 equipment	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.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2013.