

Pacific Pipe Public Company Limited and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pacific Pipe Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pacific Pipe Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the 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*.

Wattoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 13 November 2019

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>30 September 2019</u>	<u>31 December 2018</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		419,646	379,004	257,697	255,594
Trade and other receivables	3	1,077,814	1,025,855	1,015,089	674,221
Unbilled receivables		17,929	-	17,929	-
Inventories	4	1,349,808	1,501,568	1,349,808	1,434,773
Advance payment for raw material		103,374	100,602	103,374	94,203
Other current financial assets		9,662	17,402	5,297	893
Other current assets		8,826	5,907	7,907	5,221
Total current assets		<u>2,987,059</u>	<u>3,030,338</u>	<u>2,757,101</u>	<u>2,464,905</u>
Non-current assets					
Investments in subsidiaries	5	-	-	110,996	110,996
Property, plant and equipment	6	1,823,592	1,852,586	1,782,828	1,805,244
Intangible assets		24,529	28,113	24,519	28,100
Deferred tax assets		5,474	3,077	-	-
Other non-current assets		698	645	77	64
Total non-current assets		<u>1,854,293</u>	<u>1,884,421</u>	<u>1,918,420</u>	<u>1,944,404</u>
Total assets		<u>4,841,352</u>	<u>4,914,759</u>	<u>4,675,521</u>	<u>4,409,309</u>

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 September 2019

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>30 September 2019</u>	<u>31 December 2018</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	7	2,083,330	2,192,584	2,083,330	2,029,178
Trade and other payables	8	127,801	115,459	126,540	80,003
Income tax payable		5,062	5,056	3,031	-
Other current liabilities		47,352	32,945	34,866	16,215
Total current liabilities		<u>2,263,545</u>	<u>2,346,044</u>	<u>2,247,767</u>	<u>2,125,396</u>
Non-current liabilities					
Deferred tax liabilities		100,838	114,658	100,838	114,658
Provision for long-term employee benefits	9	43,108	31,050	40,915	28,494
Deferred rental expenses		2,777	2,531	2,777	2,531
Total non-current liabilities		<u>146,723</u>	<u>148,239</u>	<u>144,530</u>	<u>145,683</u>
Total liabilities		<u>2,410,268</u>	<u>2,494,283</u>	<u>2,392,297</u>	<u>2,271,079</u>

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 September 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2019</u>	<u>31 December 2018</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
660,000,000 ordinary shares of Baht 1 each	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Issued and fully paid up				
660,000,000 ordinary shares of Baht 1 each	660,000	660,000	660,000	660,000
Share premium				
Share premium on ordinary shares	514,845	514,845	514,845	514,845
Surplus on treasury shares	1,011	1,011	1,011	1,011
Retained earnings				
Appropriated - statutory reserve	67,000	67,000	67,000	67,000
Unappropriated	802,946	792,338	655,086	510,092
Other components of shareholders' equity	<u>385,282</u>	<u>385,282</u>	<u>385,282</u>	<u>385,282</u>
Total shareholders' equity	<u>2,431,084</u>	<u>2,420,476</u>	<u>2,283,224</u>	<u>2,138,230</u>
Total liabilities and shareholders' equity	<u>4,841,352</u>	<u>4,914,759</u>	<u>4,675,521</u>	<u>4,409,309</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 September 2019**

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit or loss:					
Revenues					
Sales and service income	2	2,337,716	2,465,502	2,336,086	2,238,613
Exchange gain		466	2,498	466	2,498
Other income		48,712	61,592	48,515	59,273
Total revenues		<u>2,386,894</u>	<u>2,529,592</u>	<u>2,385,067</u>	<u>2,300,384</u>
Expenses					
Cost of sales and services		2,315,785	2,358,786	2,315,648	2,160,462
Selling and distribution expenses		43,351	48,479	50,338	45,835
Administrative expenses		50,865	84,423	47,461	74,451
Total expenses		<u>2,410,001</u>	<u>2,491,688</u>	<u>2,413,447</u>	<u>2,280,748</u>
Profit (loss) before finance cost and income tax		(23,107)	37,904	(28,380)	19,636
Finance cost		(15,439)	(15,683)	(15,429)	(14,502)
Profit (loss) before income tax		(38,546)	22,221	(43,809)	5,134
Income tax benefits (expenses)	10	8,150	(7,786)	8,902	(4,614)
Profit (loss) for the period		<u>(30,396)</u>	<u>14,435</u>	<u>(34,907)</u>	<u>520</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>(30,396)</u>	<u>14,435</u>	<u>(34,907)</u>	<u>520</u>
Earnings (loss) per share	11				
Basic earnings (loss) per share					
Profit (loss) for the period		<u>(0.046)</u>	<u>0.022</u>	<u>(0.053)</u>	<u>0.001</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 comprehensive income

For the nine-month period ended 30 September 2019

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit or loss:					
Revenues					
Sales and service income	2	7,204,570	7,379,376	6,976,248	6,805,322
Exchange gain		1,075	6,977	1,075	6,995
Dividend income	2	-	-	149,782	37,015
Other income		149,002	186,961	146,684	178,036
Total revenues		<u>7,354,647</u>	<u>7,573,314</u>	<u>7,273,789</u>	<u>7,027,368</u>
Expenses					
Cost of sales and services		6,898,995	7,016,808	6,699,844	6,507,645
Selling and distribution expenses		136,352	137,489	145,490	146,300
Administrative expenses		220,280	238,904	198,212	214,860
Total expenses		<u>7,255,627</u>	<u>7,393,201</u>	<u>7,043,546</u>	<u>6,868,805</u>
Profit before finance cost and income tax expenses		99,020	180,113	230,243	158,563
Finance cost		(44,473)	(41,447)	(43,092)	(38,941)
Profit before income tax expenses		54,547	138,666	187,151	119,622
Income tax expenses	10	(10,921)	(29,170)	(8,109)	(18,788)
Profit for the period		<u>43,626</u>	<u>109,496</u>	<u>179,042</u>	<u>100,834</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses		-	-	(1,310)	-
Less: Income tax effect	10	-	-	262	-
Other comprehensive income for the period		<u>-</u>	<u>-</u>	<u>(1,048)</u>	<u>-</u>
Total comprehensive income for the period		<u>43,626</u>	<u>109,496</u>	<u>177,994</u>	<u>100,834</u>
Earnings per share					
11					
Basic earnings per share					
Profit for the period		<u>0.066</u>	<u>0.166</u>	<u>0.271</u>	<u>0.153</u>

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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	54,547	138,666	187,151	119,622
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	100,356	97,764	93,431	90,512
Bad debts	913	495	395	455
Allowance for doubtful accounts	15,638	8,793	2,648	5,129
Reduction of inventory cost to net realisable value	53,394	10,918	54,035	10,918
Reversal of allowance for impairment of advance payment for raw material	(1,781)	-	(1,781)	-
Loss on write-off/disposals of equipment	515	264	22	287
Provision for long-term employee benefits	12,058	4,791	11,111	4,309
Deferred rental expenses	246	373	246	373
Unrealised gain on exchange	(8)	(797)	(8)	(797)
Dividend income	-	-	(149,782)	(37,015)
Interest income	(581)	(910)	(394)	(582)
Interest expenses	43,018	39,875	41,727	37,630
Profit from operating activities before changes in operating assets and liabilities	278,315	300,232	238,801	230,841
Operating assets (increase) decrease				
Trade and other receivables	(68,510)	(241,220)	(343,911)	(3,327)
Unbilled receivables	(17,929)	-	(17,929)	-
Inventories	98,366	(508,355)	30,930	(468,450)
Advance payment for raw material	(991)	6,428	(7,390)	533
Other current assets	4,771	(13,324)	(7,099)	4,483
Operating liabilities increase (decrease)				
Trade and other payables	9,148	40,510	43,120	14,295
Other current liabilities	14,404	4,091	18,650	151
Cash flows from (used in) operating activities	317,574	(411,638)	(44,828)	(221,474)
Cash paid for interest expenses	(43,485)	(39,122)	(41,973)	(36,890)
Cash paid for corporate income tax	(27,131)	(72,318)	(18,635)	(55,050)
Net cash flows from (used in) operating activities	246,958	(523,078)	(105,436)	(313,414)

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 nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(64,626)	(37,175)	(63,789)	(35,497)
Acquisition of intangible assets	(5)	(2,077)	(5)	(2,077)
Dividend income	-	-	149,782	37,015
Interest income	579	908	391	580
Proceeds from sales of equipment	-	47	-	24
Net cash flows from (used in) investing activities	<u>(64,052)</u>	<u>(38,297)</u>	<u>86,379</u>	<u>45</u>
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	6,555,798	7,571,928	6,441,637	7,130,095
Cash paid for short-term loans from financial institutions	(6,665,044)	(6,811,215)	(6,387,477)	(6,515,090)
Dividend paid	<u>(33,018)</u>	<u>(257,399)</u>	<u>(33,000)</u>	<u>(257,393)</u>
Net cash flows from (used in) financing activities	<u>(142,264)</u>	<u>503,314</u>	<u>21,160</u>	<u>357,612</u>
Net increase (decrease) in cash and cash equivalents	40,642	(58,061)	2,103	44,243
Cash and cash equivalents at beginning of period	<u>379,004</u>	<u>475,115</u>	<u>255,594</u>	<u>277,419</u>
Cash and cash equivalents at end of period	<u>419,646</u>	<u>417,054</u>	<u>257,697</u>	<u>321,662</u>
	-		-	
Supplemental cash flows information:				
Non-cash transaction				
Acquisition of plant and equipment for which no cash				
has been paid	3,662	7,068	3,662	7,068

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 nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements						
	Issued and fully paid-up share capital	Premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	Total shareholders' equity
				Appropriated -		Other comprehensive income	
				statutory reserve	Unappropriated	Surplus on revaluation of assets	
Balance as at 1 January 2018	660,000	514,845	1,011	67,000	953,079	385,282	2,581,217
Profit for the period	-	-	-	-	109,496	-	109,496
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	109,496	-	109,496
Dividend paid (Note 12)	-	-	-	-	(257,399)	-	(257,399)
Balance as at 30 September 2018	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>805,176</u>	<u>385,282</u>	<u>2,433,314</u>
Balance as at 1 January 2019	660,000	514,845	1,011	67,000	792,338	385,282	2,420,476
Profit for the period	-	-	-	-	43,626	-	43,626
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	43,626	-	43,626
Dividend paid (Note 12)	-	-	-	-	(33,018)	-	(33,018)
Balance as at 30 September 2019	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>802,946</u>	<u>385,282</u>	<u>2,431,084</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 (continued)

For the nine-month period ended 30 September 2019.

(Unit: Thousand Baht)

	Separate financial statements						Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	
				Appropriated -		Other comprehensive income	
				statutory reserve	Unappropriated	Surplus on revaluation of assets	
Balance as at 1 January 2018	660,000	514,845	1,011	67,000	688,255	385,282	2,316,393
Profit for the period	-	-	-	-	100,834	-	100,834
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	100,834	-	100,834
Dividend paid (Note 12)	-	-	-	-	(257,393)	-	(257,393)
Balance as at 30 September 2018	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>531,696</u>	<u>385,282</u>	<u>2,159,834</u>
Balance as at 1 January 2019	660,000	514,845	1,011	67,000	510,092	385,282	2,138,230
Profit for the period	-	-	-	-	179,042	-	179,042
Other comprehensive income for the period	-	-	-	-	(1,048)	-	(1,048)
Total comprehensive income for the period	-	-	-	-	177,994	-	177,994
Dividend paid (Note 12)	-	-	-	-	(33,000)	-	(33,000)
Balance as at 30 September 2019	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>655,086</u>	<u>385,282</u>	<u>2,283,224</u>

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 nine-month periods ended 30 September 2019

1. General information

1.1 Basis for the preparation of interim financial statements

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

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

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

1.2 Basis for preparation 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 2018. There has been no change in the composition of the Group during the current period.

1.3 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.4 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 2018. The additional accounting policy is summarised below.

Revenue recognition

Revenue from contract

Revenue from contract is recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

The recognised revenue which is not yet due per the contracts has been presented under the caption of “Unbilled receivables” in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Company’s and its subsidiaries’ right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Company and its subsidiaries have received consideration from the customer is presented under the caption of “Deferred revenues” in the statement of financial position. Deferred revenues are recognised as revenue when the Company and its subsidiaries perform under the contract.

Investment

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of those securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.

The fair value of the investment unit is calculated by using the net asset value of the investment unit announced by the asset management company.

2. Related party transactions

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, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	25.7	438.8	Reference to market price
Rental income	-	-	0.1	0.7	Contract price
Purchase of goods	-	-	3.9	45.6	Reference to market price
Transportation expenses	-	-	40.6	35.2	Reference to market price
<u>Transactions with related party</u>					
Office rental and service expenses	1.0	1.0	1.0	1.0	Contract price
Land rental	1.3	1.4	1.3	1.4	Contract price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	467.8	1,275.8	Reference to market price
Rental income	-	-	0.5	1.1	Contract price
Service income	-	-	0.5	1.2	Contract price
Dividend income	-	-	149.8	37.0	As declared
Purchase of goods	-	-	37.3	55.9	Reference to market price
Commission paid	-	-	-	16.8	Contract price
Transportation expenses	-	-	111.5	102.5	Reference to market price
<u>Transactions with related party</u>					
Office rental and service expenses	3.1	3.2	3.1	1.4	Contract price
Land rental	3.9	3.8	3.9	3.8	Contract price

The balances of the accounts as at 30 September 2019 and 31 December 2018 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade receivables - related party (Note 3)</u>				
Tamose Trading Company Limited	-	-	2,706	185,178
Total trade receivables - related party	-	-	2,706	185,178
<u>Other receivables - related parties (Note 3)</u>				
Tamose Trading Company Limited	-	-	667	1,597
Meesup Transport Company Limited	-	-	95	-
Total other receivables - related parties	-	-	762	1,597
<u>Trade payables - related party (Note 8)</u>				
Tamose Trading Company Limited	-	-	1,163	2,248
Total trade payables - related party	-	-	1,163	2,248
<u>Other payables - related parties (Note 8)</u>				
Tamose Trading Company Limited	-	-	34	2,609
Meesup Transport Company Limited	-	-	5,662	3,688
Total other payables - related parties	-	-	5,696	6,297

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	5,516	14,234	24,758	42,520
Post-employment benefits	242	272	726	817
Total	5,758	14,506	25,484	43,337

Guarantee obligations with related party

The Company has outstanding guarantee obligations with its related party, as described in Note 13.4 to the financial statements.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	2,706	155,706
Past due				
Up to 3 months	-	-	-	29,472
3 - 6 Months	-	-	-	-
6 - 12 Months	-	-	-	-
Over 12 Months	-	-	-	-
Total trade receivables - related party (Note 2)	-	-	2,706	185,178
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	809,744	723,986	796,312	362,917
Past due				
Up to 3 months	226,246	263,226	207,520	113,437
3 - 6 months	9,464	20,783	3,340	1,780
6 - 12 months	27,764	29,231	-	13,785
Over 12 months	43,337	11,732	18,013	6,443
Total	1,116,555	1,048,958	1,025,185	498,362
Less: Allowance for doubtful debts	(38,741)	(23,103)	(13,564)	(10,916)
Total trade receivables - unrelated parties, net	1,077,814	1,025,855	1,011,621	487,446
Total trade receivables - net	1,077,814	1,025,855	1,014,327	672,624
<u>Other receivables</u>				
Other receivables - related parties (Note 2)	-	-	762	1,597
Total other receivables	-	-	762	1,597
Total trade and other receivables - net	1,077,814	1,025,855	1,015,089	674,221

4. Inventories

Movements of the reduce cost of inventory to net realisable value account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	27,266	26,625
Reduction of inventory cost		
to net realisable value during the period	53,394	54,035
Balance as at 30 September 2019	<u>80,660</u>	<u>80,660</u>

5. Investments in subsidiaries

During the nine-month period ended 30 September 2019, the Company received dividend from Tamose Trading Company Limited amounting to Baht 90 million (2018: Baht 20 million) and from Meesup Transport Company Limited amounting to Baht 60 million (2018: Baht 17 million).

On 16 September 2019, the Extraordinary General Shareholders' meeting of the Company passed a resolution approving the entire business transfer of two subsidiaries; namely, Tamose Trading Company Limited and Meesup Transport Company Limited, in which the Company has shareholdings of 99.99 percent and 99.97 percent, respectively. The Company is currently in the process of the entire business transfers from these subsidiaries.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Assets on revaluation basis - land	Assets on cost basis	Assets on revaluation basis - land	Assets on cost basis
Net book value as at 1 January 2019	741,462	1,111,124	741,462	1,063,782
Acquisitions during the period	-	68,288	-	67,451
Write-off during the period - net book value				
at write-off date	-	(515)	-	(22)
Transfer to intangible assets during the period	-	(1,097)	-	(1,097)
Depreciation for the period	-	(95,670)	-	(88,748)
Net book value as at 30 September 2019	<u>741,462</u>	<u>1,082,130</u>	<u>741,462</u>	<u>1,041,366</u>

Land were measured at fair value using level 3 input.

7. Short-term loans from financial institutions

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(Percent per annum)		financial statements		Separate	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
Short-term loans from						
financial institutions	2.35 - 2.56	2.24 - 2.49	2,078,100	2,188,644	2,078,100	2,025,238
Trust receipt	3.30	3.47 - 3.95	5,230	3,940	5,230	3,940
			<u>2,083,330</u>	<u>2,192,584</u>	<u>2,083,330</u>	<u>2,029,178</u>

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

8. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Trade payables - related party (Note 2)	-	-	1,163	2,248
Trade payables - unrelated parties	51,214	41,687	48,693	6,393
Other payables - related parties (Note 2)	-	-	5,696	6,297
Other payables - unrelated parties	41,934	41,971	39,729	40,059
Accrued expenses	34,653	31,801	31,259	25,006
Total trade and other payables	<u>127,801</u>	<u>115,459</u>	<u>126,540</u>	<u>80,003</u>

9. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	31,050	28,494
Recognition during the period	2,809	2,512
Past service costs	9,249	8,599
Transferred from the subsidiary during the period	-	1,310
Balance as at 30 September 2019	<u>43,108</u>	<u>40,915</u>

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 9.2 million (The Company only: Baht 8.6 million). The Company and its subsidiaries recorded the effect of the change by recognising past services costs as expenses in the profit or loss of the second quarter of 2019.

10. Income tax

Income tax for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	4,975	9,149	3,973	5,537
Adjustment in respect of income tax of previous period	-	2,748	-	2,703
Deferred tax:				
Relating to origination and reversal of temporary differences	(13,125)	(4,111)	(12,875)	(3,626)
Income tax expenses (benefits) reported in the statements of comprehensive income	<u>(8,150)</u>	<u>7,786</u>	<u>(8,902)</u>	<u>4,614</u>
	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	27,132	31,239	21,655	20,073
Adjustment in respect of income tax of previous period	6	2,637	12	2,592
Deferred tax:				
Relating to origination and reversal of temporary differences	(16,217)	(4,706)	(13,558)	(3,877)
Income tax expenses reported in the statements of comprehensive income	<u>10,921</u>	<u>29,170</u>	<u>8,109</u>	<u>18,788</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods end 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial losses	-	-	-	-
	-	-	-	-

	(Unit: Thousand Baht)			
	For the nine-month periods end 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial losses	-	-	262	-
	-	-	262	-

11. Earnings (loss) per share

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

12. Dividends

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht/Share)
Final dividend for 2017	Annual General Meeting of the shareholders on 27 April 2018	257.4	0.39
Total for 2018		257.4	0.39
Final dividend for 2018	Annual General Meeting of the shareholders on 25 April 2019	33.0	0.05
Total for 2019		33.0	0.05

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 30 September 2019, the Company had capital commitments of approximately Baht 8.8 million relating computer system development.

13.2 Letters of credit

As at 30 September 2019, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 2.8 million (31 December 2018: USD 0.7 million).

13.3 Operating lease commitments

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of land, office building and motor vehicles with related parties and other companies. The terms of the agreements were generally between 3 and 13 years.

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

(Unit: Million Baht)

	Consolidated financial statements			
	Related parties		Unrelated parties	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	9.4	9.5	1.0	1.7
In over 1 and up to 5 years	40.3	22.5	1.0	1.4
In over 5 years	19.4	20.4	-	-

(Unit: Million Baht)

	Separate financial statements			
	Related parties		Unrelated parties	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	9.4	9.4	1.0	-
In over 1 and up to 5 years	40.3	22.5	1.0	-
In over 5 years	19.4	20.4	-	-

13.4 Guarantees

- (1) As at 30 September 2019, there were outstanding bank guarantees of approximately Baht 18 million (31 December 2018: Baht 16 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee to guarantee as follows:

	(Unit: Million Baht)	
	30 September 2019	31 December 2018
Guarantee electricity use	17	15
Guarantee as an AEO authorised importer and / or exporter to the Customs Department	1	1

- (2) As at 30 September 2019, the Company guarantees bank credit facility of its subsidiary company amounting to Baht 6 million (31 December 2018: Baht 6 million).

14. Segment information

The one main reportable operating segment of the Company and its subsidiaries is the manufacture and distribution of steel pipes and structural steels for construction work and the single geographical area of their main 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.

15. Foreign currency risk

As at 30 September 2019 and 31 December 2018, the Company and its subsidiary has financial liabilities denominated in foreign currency which mature within one year and are unhedged for the foreign currency risk as follows:

	Financial liabilities		Average exchange rate	
	30 September	31 December	30 September	31 December
Foreign currency	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.17	0.12	30.5021	32.3640

As at 30 September 2019 and 31 December 2018, the Company and its subsidiary has no outstanding balances of forward foreign exchange contracts.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2019.