

Pacific Pipe Public Company Limited and its subsidiary
Review report and interim financial information
For the three-month period ended 31 March 2022

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 subsidiary as at 31 March 2022, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Pacific Pipe Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Wilai Sunthornwanee

Certified Public Accountant (Thailand) No. 7356

EY Office Limited

Bangkok: 12 May 2022

Pacific Pipe Public Company Limited and its subsidiary

Statement of financial position

As at 31 March 2022

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		745,351	413,376	745,351	401,347
Trade and other receivables	3	1,256,173	1,011,075	1,256,173	1,011,090
Inventories	4	1,691,162	2,268,400	1,691,162	2,268,400
Derivative assets		1,133	-	1,133	-
Other current assets		10,512	14,363	10,512	14,363
Total current assets		3,704,331	3,707,214	3,704,331	3,695,200
Non-current assets					
Investments in subsidiary	1.2	-	-	-	-
Property, plant and equipment	5	1,656,391	1,680,442	1,656,391	1,680,442
Intangible assets		32,246	32,161	32,246	32,161
Other non-current assets		379	352	379	352
Total non-current assets		1,689,016	1,712,955	1,689,016	1,712,955
Total assets		5,393,347	5,420,169	5,393,347	5,408,155

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

Pacific Pipe Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 March 2022

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	6	2,059,676	2,153,469	2,059,676	2,153,469
Trade and other payables	7	144,218	127,058	144,218	127,058
Derivative liabilities		71	900	71	900
Current portion of lease liabilities		10,691	9,999	10,691	9,999
Income tax payable		16,684	16,684	16,684	16,684
Other current liabilities		40,000	16,701	40,000	16,701
Total current liabilities		2,271,340	2,324,811	2,271,340	2,324,811
Non-current liabilities					
Lease liabilities - net of current portion		35,795	37,426	35,795	37,426
Deferred tax liabilities		105,140	97,073	105,140	94,717
Provision for long-term employee benefits		35,390	34,290	35,390	34,290
Total non-current liabilities		176,325	168,789	176,325	166,433
Total liabilities		2,447,665	2,493,600	2,447,665	2,491,244
Shareholders' equity					
Share capital					
Registered					
660,000,000 ordinary shares of Baht 1 each		660,000	660,000	660,000	660,000
Issued and fully paid up					
660,000,000 ordinary shares of Baht 1 each		660,000	660,000	660,000	660,000
Share premium					
Share premium on ordinary shares		514,845	514,845	514,845	514,845
Surplus on treasury shares		1,011	1,011	1,011	1,011
Retained earnings					
Appropriated - statutory reserve		67,000	67,000	67,000	67,000
Unappropriated		1,310,664	1,291,551	1,310,664	1,281,893
Other components of shareholders' equity		392,162	392,162	392,162	392,162
Total shareholders' equity		2,945,682	2,926,569	2,945,682	2,916,911
Total liabilities and shareholders' equity		5,393,347	5,420,169	5,393,347	5,408,155

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

Directors

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 31 March 2022

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit or loss:					
Revenues					
Sales and service income		2,936,115	2,500,000	2,936,115	2,500,000
Gain on return of capital surplus from subsidiary	1.2	-	-	12,015	-
Other income		23,221	29,078	23,220	29,078
Total revenues		<u>2,959,336</u>	<u>2,529,078</u>	<u>2,971,350</u>	<u>2,529,078</u>
Expenses					
Cost of sales and services		2,839,463	2,089,227	2,839,463	2,089,227
Selling and distribution expenses		34,402	38,148	34,402	38,148
Administrative expenses		50,775	69,240	50,775	69,240
Total expenses		<u>2,924,640</u>	<u>2,196,615</u>	<u>2,924,640</u>	<u>2,196,615</u>
Operating profit		34,696	332,463	46,710	332,463
Finance income		2	1	2	1
Finance cost		(7,518)	(8,030)	(7,518)	(8,030)
Profit before income tax expenses		27,180	324,434	39,194	324,434
Income tax expenses	8	(8,067)	(64,825)	(10,423)	(64,825)
Profit for the period		<u>19,113</u>	<u>259,609</u>	<u>28,771</u>	<u>259,609</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>19,113</u>	<u>259,609</u>	<u>28,771</u>	<u>259,609</u>
Earnings per share					
Basic earnings per share					
Profit for the period		0.03	0.39	0.04	0.39

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements						
				Retained earnings		Other components of equity	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
						Surplus on revaluation of assets	
Balance as at 1 January 2021	660,000	514,845	1,011	67,000	855,662	392,162	2,490,680
Profit for the period	-	-	-	-	259,609	-	259,609
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	259,609	-	259,609
Balance as at 31 March 2021	660,000	514,845	1,011	67,000	1,115,271	392,162	2,750,289
							-
Balance as at 1 January 2022	660,000	514,845	1,011	67,000	1,291,551	392,162	2,926,569
Profit for the period	-	-	-	-	19,113	-	19,113
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	19,113	-	19,113
Balance as at 31 March 2022	660,000	514,845	1,011	67,000	1,310,664	392,162	2,945,682
							-

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiary
Statement of changes in shareholders' equity (continued)
For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium on ordinary shares	Surplus on treasury shares	Retained earnings		Other components of equity	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	income	
						Surplus on revaluation of assets	
Balance as at 1 January 2021	660,000	514,845	1,011	67,000	845,686	392,162	2,480,704
Profit for the period	-	-	-	-	259,609	-	259,609
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	259,609	-	259,609
Balance as at 31 March 2021	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,105,295</u>	<u>392,162</u>	<u>2,740,313</u>
Balance as at 1 January 2022	660,000	514,845	1,011	67,000	1,281,893	392,162	2,916,911
Profit for the period	-	-	-	-	28,771	-	28,771
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	28,771	-	28,771
Balance as at 31 March 2022	<u>660,000</u>	<u>514,845</u>	<u>1,011</u>	<u>67,000</u>	<u>1,310,664</u>	<u>392,162</u>	<u>2,945,682</u>

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiary

Cash flow statement

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities				
Profit before tax	27,180	324,434	39,194	324,434
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	31,876	33,323	31,876	33,323
Expected credit losses	3,644	1,807	3,644	1,807
Reduction (reversal) of inventory cost to net realisable value	(45,599)	5,966	(45,599)	5,966
Loss (gain) on disposals/write-off of equipment	284	(130)	284	(130)
Provision for long-term employee benefits	1,100	1,174	1,100	1,174
Unrealised loss on exchange	1,243	4,947	1,243	4,947
Gain on fair value adjustments of derivatives	(1,962)	-	(1,962)	-
Gain on return of capital surplus from subsidiary	-	-	(12,015)	-
Finance income	(2)	(1)	(2)	(1)
Interest expenses	7,439	7,968	7,439	7,968
Profit from operating activities before changes in operating assets and liabilities	25,203	379,488	25,202	379,488
Operating assets (increase) decrease				
Trade and other receivables	(248,740)	(360,183)	(248,725)	(359,990)
Inventories	622,837	(130,966)	622,837	(130,966)
Advance payments for raw material	-	106,246	-	106,246
Other current assets	3,851	(6,620)	3,851	(6,620)
Other non-current assets	21	48	21	48
Operating liabilities increase (decrease)				
Trade and other payables	15,125	32,052	15,125	32,052
Other current liabilities	23,299	15,081	23,299	15,081
Cash flows from operating activities	441,596	35,146	441,610	35,339
Interest paid	(7,934)	(8,014)	(7,934)	(8,014)
Corporate income tax paid	(48)	(48)	(48)	(48)
Net cash flows from operating activities	433,614	27,084	433,628	27,277

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

(Unaudited but reviewed)

Pacific Pipe Public Company Limited and its subsidiary

Cash flow statement (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(3,843)	(7,271)	(3,843)	(7,271)
Acquisition of intangible assets	(344)	(5)	(344)	(5)
Proceeds from sales of equipment	8	149	8	149
Cash received from return of capital surplus from subsidiary	-	-	12,015	-
Net cash flows used in investing activities	(4,179)	(7,127)	7,836	(7,127)
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	2,491,108	1,715,366	2,491,108	1,715,366
Cash paid for short-term loans from financial institutions	(2,586,144)	(1,778,620)	(2,586,144)	(1,778,620)
Payment of principle portion of lease liabilities	(2,424)	(2,121)	(2,424)	(2,121)
Net cash flows used in financing activities	(97,460)	(65,375)	(97,460)	(65,375)
Net increase (decrease) in cash and cash equivalents	331,975	(45,418)	344,004	(45,225)
Cash and cash equivalents at beginning of period	413,376	267,247	401,347	252,789
Cash and cash equivalents at end of period	745,351	221,829	745,351	207,564
	-		-	
Supplemental cash flows information:				
Non-cash transactions				
Acquisition of plant and equipment for				
which no cash has been paid	2,530	2,371	2,530	2,371
Addition of right-of-use assets from leases	1,485	-	1,485	-

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

Pacific Pipe Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2022

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 of consolidation

The interim consolidated financial statements included the financial statements of Pacific Pipe Company Limited ("the Company") and its subsidiary company ("the subsidiary") (collectively as "the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. However, Tamose Trading Company Limited (a subsidiary) completed the liquidation on 23 February 2022 and returned its capital surplus to the Company amounting to Baht 12 million.

1.3 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 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the period, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summaries significant business transactions with related parties as follows.

(Unit: Million Baht)		
For the three-month periods ended 31 March		
Consolidated/Separate financial statements		
	<u>2022</u>	<u>2021</u>
<u>Transactions with related parties</u>		
Office rental and service expenses	1.0	1.0
Land rental expenses	1.4	1.3

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Audited)		(Audited)
<u>Other receivables - related party (Note 3)</u>				
Tamose Trading Company Limited	-	-	-	15
<u>Lease liabilities - related parties</u>				
Major shareholder of the Company	12,943	13,758	12,943	13,758
Related companies (related by shareholders)	25,506	26,510	25,506	26,510
Total lease liabilities - related parties	38,449	40,268	38,449	40,268

Directors and management's benefits

(Unit: Thousand Baht)		
For the three-month periods ended 31 March		
Consolidated/Separate financial statements		
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	6,839	8,594
Post-employment benefits	247	295
Total	7,086	8,889

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,008,972	705,703	1,008,972	705,703
Past due				
Up to 3 months	238,414	289,669	238,414	289,669
3 - 6 months	14,341	22,797	14,341	22,797
6 - 12 months	9,347	3,417	9,347	3,417
Over 12 months	38,546	39,315	38,546	39,315
Total	1,309,620	1,060,901	1,309,620	1,060,901
Less: Allowance for expected credit losses	(54,393)	(50,749)	(54,393)	(50,749)
Total trade receivables - unrelated parties - net	1,255,227	1,010,152	1,255,227	1,010,152
<u>Other receivables</u>				
Other receivables - related party (Note 2)	-	-	-	15
Other receivables - unrelated parties	946	923	946	923
Total other receivables	946	923	946	938
Total trade and other receivables - net	1,256,173	1,011,075	1,256,173	1,011,090

4. Inventories

Movements of the reduction of inventory cost to net realisable value account during the three-month period ended 31 March 2022 are summarised below:

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2022	55,912
Reversal of inventory cost to net realisable value during the period	(45,599)
Balance as at 31 March 2022	10,313

5. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	31 March 2022	31 December 2021 (Audited)
Net book value:		
Property, plant and equipment	1,613,174	1,636,116
Right-of-use assets	43,217	44,326
Total	1,656,391	1,680,442

Movements of the property, plant and equipment for the three-month period ended 31 March 2022 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	Assets on revaluation basis - land	Assets on cost basis Plant and equipment	Right-of-use assets	Total
Net book value as at 1 January 2022	748,903	887,213	44,326	1,680,442
Acquisitions during the period	-	6,373	1,485	7,858
Disposals/Write-off during the period - net book value at disposals/write-off date	-	(292)	-	(292)
Transfer to intangible assets	-	(1,000)	-	(1,000)
Depreciation for the period	-	(28,023)	(2,594)	(30,617)
Net book value as at 31 March 2022	748,903	864,271	43,217	1,656,391

Land were measured at fair value using level 3 input.

6. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(Percent per annum)		Consolidated/Separate	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Short-term loans from financial institutions	1.50 - 1.70	1.55	712,325	756,367
Trust receipt	1.48 - 1.68	1.48 - 2.00	1,347,351	1,397,102
Total			2,059,676	2,153,469

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

7. Trade and other payables

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	31 March 2022	31 December 2021
		(Audited)
Trade payables - unrelated parties	67,754	21,666
Other payables - unrelated parties	43,953	37,827
Accrued expenses	32,511	67,565
Total trade and other payables	114,218	127,058

8. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Interim corporate income tax charge	-	67,097	-	67,097
Deferred tax:				
Relating to origination and reversal of temporary differences	8,067	(2,272)	10,423	(2,272)
Income tax expenses reported in profit or loss	<u>8,067</u>	<u>64,825</u>	<u>10,423</u>	<u>64,825</u>

9. Commitments and contingent liabilities

9.1 Capital commitments

As at 31 March 2022, the Company had capital commitments of approximately Baht 0.7 million, relating to the factory improvement.

9.2 Letters of credit

As at 31 March 2022, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 5.7 million.

9.3 Guarantees

As at 31 March 2022, there were outstanding bank guarantees of approximately Baht 16 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee to guarantee as follows:

(Unit: Million Baht)	
Guarantee electricity use	15
Guarantee as an AEO authorised importer and/or exporter to the Customs Department	1

10. Fair value of financial instrument

Most of the Group's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

11. Events after the reporting period

On 12 April 2022, the 2022 Annual General Meeting of the Company's shareholders approved the payment of dividend to the shareholders of Baht 0.84 per share, a total of Baht 554.40 million, which will be paid on 8 May 2022. This dividend will be recorded in the second quarter of the current year.

12. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2022.