



FIRETRADE
ENGINEERING PUBLIC COMPANY LIMITED



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ANNUAL
REPORT
2019



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Remarks : For more information, please see our Annual Registration Statement (Form 56-1) which is posted on The Office of the Securities and Exchange Commission's website at www.sec.or.th or visit www.set.or.th and the Company's website at www.firetrade.co.th

Vision

The Company operates business of importing and distributing fire protection equipment systems, clean agent extinguishing systems, fire alarm system and high quality fire pump machines with standard highly matches customers' need and satisfaction in full range of fire protection services by specialized engineer teams who develop and get training continually.

Mission

To develop project engineering management by professionals to get works with quality and standard. To finish works completely or send products in time and/or catch up customers' need and make them and related persons to have highest satisfactions.

Message from Chairman

Dear shareholders

Firetrade Engineering Public Company Limited or FTE has been in business for 20 years in 2019 that the Company grows continually and has always received good responses from all customers. For the year 2019, the overview of the global economy slows down causing the Thai economy to slow down as well. The growth rate of the economy is lower than the government's estimate. The investment in buildings related to the Company's business directly is a fire extinguishing systems that also slows down, but the Company still has satisfactory performance and the Board of Directors gives priority to monitor various situations that closely affect the business of the Company.

On behalf of the Chairman of the Board of Directors, I would like to thank for trust and support for shareholders, customers, business alliances and all the employees who have joined together to lead the Company to the growth until now. The Company confirms to operate the business by adhering to the principles of good corporate governance and having responsibility for society and all stakeholders and the Company will grow sustainably forever.



Mr. Pornsak Limboonyaprasert

Chairman

Message from Managing Director

Dear Shareholders

The business environment in the year 2019 is another year that has a lot of challenges from the macro-structural factors such as the occurrence of trade wars between the economic powerful countries that have an impact on business operations in Thailand, Thailand's economic growth or even regional and global economic growth and factors affecting the fire engineering industry such as the slowdown of the fire equipment market in the real estate sector, the delay of projects in many government agencies, especially Automatic Fire Suppression Project for the Electricity Generating Authority of Thailand (EGAT), an important customer of the Company.

But, with determination, dedication of the management and employees of the Company at all levels, as well as the Company's business strategy that focuses on maintaining the share from the important customer base including aiming to expand the customer base in the industrial and government sectors to reduce the Company's dependence on income from the existing customer base that is still slowing down. Also, the Company has the training to develop the knowledge and capability of the personnel and improve operational efficiency by adopting the Enterprise Resources Planning system to upgrade the Company's competitiveness that causes the Company's performance in the year 2019 to be at a satisfactory level.

In the year 2020, the Company will continue to create trust among shareholders, customers and business partners and will continue the success of the Company for sustainable growth by focusing on the development of sales channels, searching, and adding new products to fulfill the needs of customers, expansion of manpower in various departments that is important for the Company's growth, use of information technology in business operations and manage the Company's resources efficiently as well.

On behalf of the Board of Directors of Firetrade Engineering Public Company Limited, I would like to thank the shareholders, customers and business partners for always supporting the business operations of the Company and thank the staffs of the Company at all levels that are dedicated, both physical and mental strength, and contribute greatly to satisfactory performance in the year 2019.



Mr. Taksin Tantipijit

Managing Director

Board of Directors



FIRETRADE

ENGINEERING PUBLIC COMPANY LIMITED



①

①
Miss Pen Yodkliang
Director

②

②
Miss Suwanee Chenchitkhachorn
Director

③

③
Mrs. Pattamaporn Tantipijit
Director

④

④
Mr. Pornsak Limboonyaprasert
Chairman

⑤

⑤
Mr. Sirichai Towiriyawate
Director

⑥

⑥
Mr. Taksin Tantipijit
Vice Chairman

⑦

⑦
Mr. Worapon Lopansri
Director

Group of Company's Structure



Firetrade Engineering Public Company Limited

Authorized share capital: Baht 300.00 million

Issued and paid-up share capital: Baht 300.00 million

Par value: Baht 0.50 per share

Business operation: Importer and distributor of products related to full range of fire protection services comprise of;

1) Fire protection equipment systems 2) Fire suppression systems 3) Fire alarm systems including designing, selling, sourcing, installing, examining, repairing, and maintaining of fire protection equipment and related fire protection systems.

99.99 %



Fire Inspector Company Limited

Authorized share capital: Baht 10.00 million

Issued and paid-up share capital: Baht 10.00 million

Par value: Baht 100.00 per share

Business operation: Importer and distributor of fire suppression systems including designing, selling, sourcing, installing, examining, repairing, and maintaining of system works related fire protection systems specific to 3 product brands the Company nominated to be distributor at present.

Key Financial Information

Financial Ratios		2017	2018	2019
Liquidity Ratios				
Liquidity Ratio	times	6.63	5.54	4.16
Quick Ratio	times	4.65	3.85	2.41
Average Collection Period (Including value of unbilled receivable)	days	96	108	114
Average Holding Period	days	99	112	128
Payable Conversion Period	days	38	48	50
Cash Cycle	days	157	172	192
Profitability Ratios				
Gross Profit Margin	%	26.61%	27.86%	26.58%
Operating Profit Margin	%	16.38%	16.01%	13.87%
Net Profit Margin	%	13.24%	12.65%	11.04%
Return on Equity	%	24.68%	17.52%	15.51%
Efficiency Ratios				
Return on Assets	%	19.19%	14.50%	12.40%
Return on Fix Assets	%	386.48%	341.46%	103.80%
Assets Turnover	times	1.45	1.15	1.12
Financial Policy Ratios				
Debt to Equity Ratio	times	0.19	0.23	0.27
Interest Coverage Ratio	times	52.95	-	-
Dividend Payout ^{/1}	%	99.76%	96.99%	93.70% ^{/2}

Remarks : ^{/1} Dividend Payout Ratio Formula: Yearly Dividend /Net Profit (Separate Financial Statements) after deducting legal reserves as the Company declared to payout dividend for the year 2017, 2018 and 2019 in the amount of Baht 136.50 million, Baht 120.00 million and Baht 96.00 million respectively, while the Company had net profit (Separate Financial Statements) after deducting legal reserves as the Company declared to payout dividend for the year 2017, 2018 and 2019 in the amount of Baht 136.83 million, Baht 123.72 million and Baht 102.45 million respectively.

^{/2} The Board of Directors had resolution to payout dividend for the year of 2019 in the 2020 of annual general meeting of shareholders in the amount of Baht 96.00 million.

Key Financial Information Explanation

The structure of company and its subsidiary' revenue for the year 2017-2019

(Unit : In Million Baht)

Type of Revenue	2017		2018		2019	
1. Revenue from sales	655.71	67.23%	653.89	64.21%	689.16	67.18%
2. Revenues from project works and services						
2.1) Revenues from project works	305.66	31.34%	343.79	33.76%	316.32	30.83%
2.2) Revenue from services	13.96	1.43%	20.68	2.03%	20.38	1.99%
Total Revenues from sales and services	975.33	100.00 %	1,018.36	100.00 %	1,025.86	100.00 %
Other Revenue	11.41		10.60		12.44	

Revenue from sales and services categorized by customer groups for the year 2017-2019

Customer Group	2017	2018	2019
1. Designer and contractor of fire protection system	68%	70%	75%
2. Project owners or end users	18%	16%	11%
3. Shop group or product distributors	14%	14%	14%
Total	100%	100%	100%

Revenue from Sales

In year 2018, the revenue from sales decreased from 0.28% of year 2017 as Baht 655.71 million to Baht 653.89 million. Because the customer group, project owners or end users purchase decreased. The customer group, designer and contractor of fire protection system which are regular customers, still purchase in the same proportion as 2017, ie 69%.

In year 2019, the revenue from sales increased from 5.39% of year 2018 as Baht 653.89 million to Baht 689.16 million. Because the new customer base increasing, in accordance with the proportion of revenue from the sale of designer and contractor of fire protection system the proportion rose to 71%.

Revenue ratios from sales categorized by customer groups for the year 2017-2019

Customer Group	2017	2018	2019
1. Designer and contractor of fire protection system	69%	69%	71%
2. Project owners or end users	12%	9%	8%
3. Shop group or product distributors	19%	22%	21%
Total	100%	100%	100%

Revenues from project works and services

In year 2018, the revenue from project works and services increased of 14.03% from year 2017 as Baht 319.62 million to Baht 364.47 million, due to more project work to installation continuous for the high voltage power station project of the Electricity Generating Authority of Thailand, such as the high voltage power station project of the Electricity Generating Authority of Thailand Chachoengsao, Loei, Mukdahan, Ubon Ratchathani, Khon Kaen, Chaiyaphum, Lamphun, Songkhla, Phatthalung and Phuket etc., there are also sugar factory projects and network operations center and data center. Revenues from project works and revenue from other services was 94.33% and 5.67% of total revenues from projects works and services, respectively

In year 2019, the revenue from project works and services decreased of 7.62% from year 2018 as Baht 364.47 million to Baht 336.70 million, because such income depends on value of fire fighting contractor projects each year and the progress of the installation of fire suppression systems. There is also a result of which the Company has adopted the new financial reporting standards were adopted in 2019. But during year the project work to installation continuous for the high voltage power station project of the Electricity Generating Authority of Thailand, such Chatuchak, Chachoengsao, Bang Pakong, Prachin Buri, Chum Phae, Lamphun, Phatthalung, Khlong Ngae and Phuket etc., there are also sugar factory projects, SRT (RED LINE) and the private sector, etc. Revenues from project works and revenue from other services was 93.95% and 6.05% of total revenues from projects works and services, respectively.

Revenue ratios from project works and services categorized by customer groups for the year 2017-2019

Customer Group	2017	2018	2019
1. Designer and contractor of fire protection system	68%	72%	82%
2. Project owners or end users	31%	28%	18%
3. Shop group or product distributors	1%	0%	0%
Total	100%	100%	100%

Profitability

In the year 2018 and 2019, the profitability of the Company decreased from the same period of last year, which the net profit was Baht 130.21 million and Baht 114.60 million, respectively, net profit margin is 12.65% and 11.04% of total revenue respectively, as a result of the gross profit margin decreased due to the competitive conditions, there is also the cost of personnel and other expenses increased to serve business expansion in the future, the Company has set aside Employee benefit obligations in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates as the Labor Protection Act (No.7) B.E. 2562 and has set aside loss on devaluation of obsolete, defective and slow-moving inventories so on.

Financial Ratio		2017	2018	2019
Net Profit Margin	%	13.24	12.65	11.04

Company's liquidity

In year 2018 and 2019, the current ratio decreased from the same period of last year equal to 5.54 times and equal to 4.16 times respectively, and quick ratio decreased from the same period of last year equal to 3.85 times and equal to 2.41 times respectively. In year 2018, proceeds the cash received from the Initial Public Offering (IPO) has brought for working capital spending during the year. In year 2019, are the purchase of land for the construction of a warehouse with an area of approximately 9 rai, using the investment from the cash received from the Initial Public Offering (IPO). And invested in ERP software to help with internal management to support the growth of the Company according to the structure that needs to grow faster. The ratio of cash cycle turnover increased from 172 days to 192 days, due to the longer collection period and imported goods serve sale staff's needs following target adequately. However, liquidity remained at a good level.

Financial Ratios		2017	2018	2019
Liquidity Ratio	times	6.63	5.54	4.16
Quick Ratio	times	4.65	3.85	2.41
Cash Cycle	days	157	172	192

Efficiency of management

As at December 31, 2017, 2018 and 2019, had trade accounts receivable in the amount of Baht 213.70 million, Baht 246.30 million and Baht 194.20 million respectively by using policy to monitor debt collection strictly as considering and monitoring trade accounts receivable with 1-year overdue residual debt or trade accounts receivable with tendency that he couldn't pay debt or judgment debtor to help debt collection more effectively.

As at December 31, 2017, 2018 and 2019, had inventories in the amount of Baht 251.39 million, Baht 264.88 million and Baht 311.28 million respectively. Determine effective inventory management policies to support the needs of the sales department to meet the goals set. In year 2019, had average holding period increased from 112 days to be 128 days, due to import a lot of products in late 2019, to be delivered to customers in early 2020.

Financial Ratio		2017	2018	2019
Average Holding Period	days	99	112	128

Debt to equity ratio

As at December 31, 2017, 2018 and 2019, had debt to equity ratios for 0.19 times, 0.23 times and 0.27 times respectively. The ratio of year 2019 increased from 2018 as a result of the cumulative effect deferred revenue of changes in accounting policies due to the adoption of new financial reporting standard the Company has adopted the TFRS 15 Revenue from Contracts with Customers adopted in 2019. And the Company has set aside Employee benefit obligations in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates as the Labor Protection Act (No.7) B.E. 2562.

Financial Ratio		2017	2018	2019
Debt to Equity Ratio	times	0.19	0.23	0.27

Nature of Business Operations

The Company engages in the business of importing and selling entirely fire fighting equipment, fire suppression system and fire alarm system including design services, procurement, installation, repair, inspection and maintenance of fire suppression equipment and systems related to fire fighting in various locations inside and outside the buildings, vertical or horizontal buildings and industrial factories by a team of engineers and technicians with expertise of the Company.

Nowadays, the Company is a distributor of fire fighting equipment products and fire suppression systems from leading companies that are world-renowned and have internationally recognized standards. There are more than 9,000 different products from more than 30 brands, both as an Exclusive Distributor in Thailand and General Distributor.

The Company has a subsidiary company, Fire Inspector Company Limited, which operates the business of importing and selling fire suppression system including services related to fire extinguishing system especially three brands that the Company appointed as the distributor: JANUS (fire suppression system with clean agents and gas), FFE (smoke detector) and FIKE (fire suppression system with clean agents).

The Company commits to be a supplier of entirely fire fighting equipment, various fire extinguishing systems and design service provider, contractor for installing fire suppression system and fire alarm system with an important policy, the delivery of products and services regarding fire extinguishing systems and rapid-fire alarm system with acceptable and diverse security standards according to customer needs.

Revenue structure of the Company

Revenue of the Company and its subsidiary get revenue from business operation that could separate into 2 types such as:

1. Revenue from sales this comes from selling products related to fire protection comprises of:
 - 1.1 Fire Protection Equipment and Fire Fighting Equipment Components.
 - 1.2 The products of Fire Suppression Systems such as water fire suppression system, fire extinguishing system with foam, fire extinguishing system with gas and fire extinguishing system with clean agent fire suppression system.
 - 1.3 The products of fire alarm system such as smoke detector, heat detector, and alarm systems.
2. Revenue from services which comprises of:
 - 2.1 Revenue from project work: giving consultation, design and installing of Fire Suppression Systems and Fire Alarm Systems.
 - 2.2 Revenue from service: a service for inspection and maintenance of fire fighting equipment and systems related to fire extinguishing (Preventive Maintenance).

The Company's customer group

The business of distributing fire suppression equipment entirely, automatic fire suppression system and fire alarm system including design services, procurement, installation, repair, inspection and maintenance of fire suppression equipment, and systems of the Company and its subsidiary can divide the customers into 3 major groups as follows;

- 1. Contractor** that is a group of customers who need fire fighting equipment with the quality and details following relevant laws and regulations specified by the project designer and with a price level according to the budget or the specified profit margin. Besides, contractors in some projects also need to rely on the distributor's expertise and experience in fire suppression systems that may be divided into 2 groups:
 - 1.1 Main Contractors
 - 1.2 System Installers
- 2. Project Owners or End-users** that is a group of customers who need fire fighting equipment with the quality and details following relevant laws and regulations specified by the project designer and with a price level according to the budget or the specified profit margin as same as the group of contractors that can classify into sub-groups according to the nature of the business operation, such as;
 - 2.1 Key accounts such as the Electricity Generating Authority of Thailand (EGAT) that has a project to install and improve the fire suppression system to prevent and extinguish the fire for the Electricity Generating Authority of Thailand's assets that have high value and located spread in many places around the country.
 - 2.2 Government Agency and State Enterprise Agency.
 - 2.3 Industry Segment.
 - 2.4 Hospitality Segment.
 - 2.5 Commercial & Residential Buildings.
- 3. Shop group or product distributors** which are a customer group that helps to distribute products at the Company and be a distributor to distribute the products into the markets thoroughly because many contractors install medium-small-sized fire extinguishing systems and many project owners who want to install firefighting equipment and systems throughout the country.

Competition in the market

The business of importing and distributing products of fire extinguishing systems and fire alarm systems is regarded as a highly competitive business because there are a large number of entrepreneurs in the country who have the potential to distribute fire fighting equipment and systems and be the business with low entry barrier. Since there are no specific rules or regulations, there is no need to obtain special permission from the government agency and it relies on funds to distribute fire fighting equipment is not a high amount. Currently, more than 40 business operators are importing and distributing products in the fire extinguishing system and fire alarm system in Thailand.

However, products of the fire extinguishing system and fire alarm system are products that need to be considered for quality and safety. Used Products must be inspected and certified for international standards. Most have to be imported from foreign countries and there are a few operators in Thailand that have been appointed to be distributors from brand owners abroad. Moreover, the globally accepted products are in a limited amount and most brand owners have the policy to distribute through an Exclusive Distributor or the Limited Distributors for agents that have good performance and reliability.

If considering market segmentation according to the product quality level, we can classify it to be the market with demand for quality products that meet high standards or "Premium Segment", which accounts for approximately 80% of the total market size. This is because the Engineering Institute of Thailand (EIT) which has a role in setting engineering standards in Thailand has set standards for products in fire extinguishing systems and fire alarm systems by reference to international standards such as UL, FM, VDS, etc. Also, the standard requirements for the design, installation, testing, maintenance, etc. have international standards as specified, such as NFPA, EN, etc. The upper market of this fire extinguishing system products is worth around Baht 5 Billion and there are approximately 20 importers and distributors of products considered to be the leading brands and providing design and installation services for fire fighting equipment and fire suppression system.

Besides, the Company is a distributor of fire pump under the brand "SPP" which helps the Company to meet the needs of customers to be more complete. The market of fire pump and other equipment (Accessories) in Thailand is worth about Baht 3 Billion, divided into 2 major parts which are the market for fire pump that is certified according to UL / FM (UL / FM Listed Fire Pump) that accounts for around 20 % of overall fire pump market and the fire pump market following NFPA (Non-UL / FM Listed Fire Pump) standards that accounts for about 80% of overall fire pump market.

Product quality requirements

Thailand has many laws related to fire protection system such as the Building Control Act B.E. 2522, Ministerial Regulation No. 33 of B.E. 2535 regarding the determination of structures and equipment that are components of tall and extra-large buildings and Ministerial Regulation No. 39 of B.E. 2537 regarding the formulation of methods regarding the installation of fire protection system, lighting and ventilation systems to control the construction of tall buildings to be safe from fire.

Various products assembled in the fire protection system directly affects the life and property of users or residents, therefore they must have quality and be tested following accepted international standards. The Company and its subsidiary then realize the importance of the sold products' qualities and they must be certified according to international standards such as UL (Underwriters Laboratories), FM (Factory Mutual), BS (British Standard) standards, etc.

Besides, the fire extinguishing system design and installation of the Company also have been certified for Quality Management System following ISO 9001:2015 by SGS, under the United Kingdom Accreditation Service (UKAS) and National Accreditation Council (NAC) from the Ministry of Industry to comply with various regulations and to assure the customers for the quality and safety of the various products that the Company is a distributor.



Analysis of environmental factors affecting business operations

Environmental Factors	Impacts on Business Operations
<p>1. Economics factors</p> <p>1.1 The downturn trend of investment in real estate development especially condominium due to the relatively high supply in the market.</p> <p>1.2 Trends in the appreciation of the baht currency as a result of an overview of the domestic and the global economies.</p> <p>1.3 Economic growth and construction investment of CLMV countries that attract Thai investors to invest including designers and contractors from Thailand that are getting more work in these countries.</p>	<p>(--) Fire fighting equipment requirements to be installed in property development projects especially condominium drop about 10% - 20% in 2019.</p> <p>(+) The cost of imported products decreased will result in a slightly higher gross profit but the Company must still be cautious of fluctuations in foreign exchange rates in the long term.</p> <p>(+) Opportunity to distribute fire extinguishing products to project owners and contractors for construction projects in the CLMV countries in higher quantity. However, the quality of fire extinguishing products that the CLMV countries need is still not very high quality products due to the laws and regulations regarding product quality in the fire suppression systems is not strict and clear.</p>
<p>2. Political Factors</p> <p>2.1 Investment growth in industrial areas in 3 provinces (Chachoengsao, Chon Buri, and Rayong) in the Eastern due to the Eastern Economic Corridor (EEC) project.</p> <p>2.2 Public investment project for improving the infrastructure such as the development of mass rapid transit systems, nationwide airport improvements, installation of underground high-voltage electrical systems, promoting the development of alternative energy, etc.</p> <p>2.3 General Election of Members of Parliament in 2019.</p>	<p>(++) The need for the fire suppression system for installation in industrial factories is higher as well as to be an opportunity to provide maintenance services for fire suppression system in industrial factories that have already been installed</p> <p>(++) Demand for fire detection and extinguishing system that have quality and be certified following international standards that the Company is a distributor of products and leading brands including gets good technical supports from the brand owners.</p> <p>(+) There is more political clarity and it is a positive factor for investment in both the public and private sectors (such as industrial and real estate sectors) and fire fighting equipment and system market.</p>

Environmental Factors	Impacts on Business Operations
<p>3. Social Factors</p> <p>3.1 Behavior of buyers in the digital age that has turned to study and access information of various products by using more online marketing channels.</p>	<p>(+) Increasing communication channels between the Company and the buyers in which the buyers can access and study the Company information including details of various products of the Company more conveniently and quickly. This may be another way to distribute products and services to a minor group of consumers in the future.</p>
<p>4. Technological Factors</p> <p>4.1 The expansion of information usage has led to the development of many data centers. These data centers are regarded as valuable and important assets and they need safety systems and disaster preventions effectively.</p>	<p>(++) The need for the fire detection and suppression systems for quality information centers that are certified according to international standards. The Company has expertise in the design, installation, and distribution of fire detection and fire suppression systems for the well-established Information Center.</p>
<p>5. Legal and Environmental Factors</p> <p>5.1 Government measures that promote fire prevention and fire suppression systems for buildings and industrial factories</p>	<p>(++) Demand for fire detection and fire suppression systems in the group of buildings and industrial factories that were constructed before the measures and laws enacted. Therefore it needs to update or install the fire extinguishing system.</p>

Business strategy

The Company and its subsidiary have specified the business strategy as follows;

Marketing strategy

1. Business development with key customers

The Company will focus on developing relationships with customer personnel involved at all levels through various marketing promotion activities, such as training to educate customer's personnel including support and having participation in the customer's project process throughout the process (Entire-process Involvement) to ensure customers that the fire extinguishing system design and use of the products in fire extinguishing system following the standards and can complete the installation project according to customer needs.

2. Business development with industrial customers

An industrial customer is a group of customers that are expected to have high growth from the recovery of Petroleum Petrochemical Industry and government measures that push for prevention and fire suppression systems for buildings and industrial factories. Besides, the duration of the fire extinguishing system installation project for industrial customers is generally short. As a result, revenue recognition for projects and services of the Company has been also shortened.

3. Business development with customer group of government agencies and state enterprises

Customer group of government agencies and state enterprises is a large group of customers that needs standard quality products and there are many government buildings and state enterprises that still lack a standard fire suppression system for business development with customer group of government agencies and state enterprises. The Company will allocate personnel to perform duties in explaining the standard requirements and recommend products that are suitable for fire extinguishing systems within buildings of government agencies and state enterprises.

4. Service business development

The Company commits to continue responding to the needs and providing entirely services to the customers. The Company's fire fighting engineering services include inspecting and evaluating the effectiveness of fire extinguishing systems, maintenance and repair of fire fighting equipment and fire extinguishing systems, training related to fire fighting equipment and fire extinguishing systems, etc.

Expanding revenue from the Company's service business will focus on offering to exist customers of the Company that is plentiful and a bundle selling along with the distribution of fire fighting equipment and fire extinguishing systems to customers of the Company entirely.

Operational strategy

1. Development of the basic structure of the organization

The Company has a plan to develop the Company's infrastructure to increase competitiveness and sustainable growth in the future that consist of:

1.1 Warehouse construction that is one of the objectives of raising funds by initial public offering (IPO) in July 2017, the Company has invested in approximately 9 rai of land on Lad Krabang Road, Bangkok worth approximately 122.70 Million Baht and the Company is preparing for the construction.

1.2 Enterprise Resource Planning (ERP), the Company used the new ERP system and reformed it completely by the year 2019. The new ERP system supports data collecting, reviewing and tracing information, data analysis and performance reporting for both the product distribution and sales business, projects and services, and also has various data storage systems in the Cloud system to facilitate the use of personnel in various departments of the Company with information security as well.

2. Procurement and sourcing

2.1 Forecasting and planning product requirements to manage the cost of products that must be imported from abroad and reduce the risk of problems of slow turnover and outdated products will be coordination and exchange of information between the sales department and the procurement department. The Company has set the responsible person in each product group as "Product Champion" to gather the information on the product demand, periodic analysis of inventory, and offer to purchase products together with the procurement department.

2.2 Cost management of goods purchased domestically by analyzing historical purchasing data that will focus on the group of project materials that are repeatedly procured and has a high overall purchase value. Then the Company will determine the purchasing strategy for each type of product, such as finding new sellers to compare, issuing blanket orders, and further discussing with key vendors.

3. Logistics Management

The key logistics management strategy of the Company is to manage the cost of shipping with the aims to reduce the Company's shipping costs and delivery services to be more efficient that will focus on transportation management in 2 main areas as follows;

3.1 Management of Truck Utilization of the Company to the highest value by planning the shipping routes and collecting data to assess the usage rate of the Company's trucks.

3.2 Use of Outsourced Trucks will be collecting data on shipping costs and shipping routes, seeking new carriers that have acceptable capabilities and reduced costs.

4. Engineering management

To manage the control of the installation project of the engineering department to be more efficient, the Company, therefore, has established measures for managing sub-contractors. In addition to being prepared "Contractor Manual" for the contractors that work for the Company to study, understand and comply including to be the highest standard in working together. Besides, the Company will evaluate and classify sub-contractors according to their capabilities and potentials of receiving installation work in projects of various sizes.

5. Human resource management

5.1 Performance evaluation and giving compensation: The form of performance evaluation has been adjusted by considering both the performance of the main mission of each department in parallel with the work practices of employees according to the organization's values of 'FTE'.

5.2 The Company encourages the supervisors to assess performance as well as providing suggestions for improvements and work development for the team periodically. The Company will consider adjusting the structure and conditions of compensation or special reward for the performance that exceeds the target.

5.3 Personnel development and training will focus on the development of potentials and knowledge of personnel in various departments through a variety of human resource development processes.

Product Types

Group 1: Fire Protection Products and fire extinguishing system accessories

1.1) Fire Protection Valve products are devices for installation in fire protection systems. The valves used in fire protection systems must be certified by UL (Underwriters Laboratories) and /or FM (Factory Mutual) with the capability of withstanding a working pressure of not less than 175 psi and / or 250 psi (pound per square inch) and consist of the following valve types:



Gate Valve



Butterfly Valve



Check Valve



Ball Valve



Strainer Valve



Automatic Airvent Valve

1.2) Grooved Coupling and Fitting are used as joints for welding pipes in fire fighting systems without the need for an electric welding machine to weld pipes. They are designed to be able to move and to turn directions for supporting the expansion or contraction or the movement of pipes and buildings.



Coupling

*Fitting*

1.3) Fire Hose Cabinet and internal accessories

1.3.1) Fire Hose Cabinet is a cabinet looks like a red cabinet. The front of the cabinet is a glass that can be opened or broken to bring rescue equipment to be used in an emergency. The Company sells this type of product under the brand "TOTAL FIRE" of the Company itself and the Company is also a distributor of fire extinguishers in other brands as well.

*Fire Hose Cabinet**Fire Hose Reel**Fire Hose Rack*

1.3.2) Hose Valve is a valve to distribute water from the pipe system to the outside.






*Hose Valve*

1.3.3) Fire Department Connection is a device to receive water from outside the building or fire truck to pay into the fire fighting system inside the building.

*Fire Department Connection*

1.4) Portable Fire Extinguisher is a fire extinguisher that is installed inside the building or outside the building together with other fire fighting systems to use for basic fire fighting while the fire starts to burn. The Company distributes the fire extinguishers under its brand "TOTAL FIRE" and is also a distributor of fire extinguishers in other brands as well to meet the needs of each customer.











The portable fire extinguisher is classified according to the types of chemicals contained in a fire extinguisher into 6 types as follows;

1. Multi-Purpose Dry Chemical is contained in a red tank, consisting of chemicals that are compressed by pressure. It can extinguish the fire of type A, B, C or may extinguish the fire of type D if it contains special chemical agent. This chemical is cheap and easy to find. It is used in general areas such as residential buildings or offices, etc.	
2. Carbon dioxide (CO2) is contained in a red tank. The end of the hose has a cone. The gas that is injected into cold vapour looks like dry ice. It is used to reduce the heat of the fire and does not leave stains. It can extinguish the fire of type B and C and suitable for use in the machine room, production lines in various industries or electrical room, etc.	
3. Water is contained in a stainless steel tank. It can extinguish the fire of type A and suitable for outdoor fire fighting that does not have conductive media in the fire protection area.	
4. Foam is contained in a stainless steel tank. When it is injected, foam bubbles will cover the surface of the combustible fuel. Therefore, it can extinguish the fire of type A and B, but it cannot be used to extinguish the fire of type C because it has electrical conductivity. In general, this agent is suitable for industrial fire fighting or fire fighting of thinner and volatile combustible substances.	
5. Wet Chemical is contained in a stainless steel tank and can extinguish the fire of type K. It is suitable for use in the kitchen because it can extinguish the fire caused by frying oil.	

6. Halotron-1 is contained in a red or green color tank. Inside the tank is the clean agent or Halotron-1 when it is sprayed, it will evaporate in the air. It does not leave stains and could extinguish the fire of type A, B and C and suitable for use in the computer room, clean room, electrical room, and electronic equipment storage room.



The table of the types of fire extinguishing chemicals

Types of fire	Symbols	Characteristics
TypeA	 	It can extinguish the fire caused by combustible solids such as firewood, rubber, wood, paper, plastic, animal skin.
TypeB	 	It can extinguish the flames caused by flammable liquids and gases, all types of oil, thinner gas, alcohol, asphalt and all kinds of flammable gases.
TypeC	 	It can extinguish all types of fires caused by fuels with an electric current.
TypeD	 	It can extinguish the fire caused by the burning of combustible metal.
TypeK	 	It can extinguish the fires caused by difficult combustible oils such as cooking oils and flammable animal fats.

Source: FIRE EQUIPMENT MANUFACTURERS' ASSOCIATION

1.5) Switch

1.5.1) Flow Detector is a device in the pipe fire extinguishing system. It sends signals to the fire alarm system control panel when the equipment detects that water flows in the pipelines from the operation of the fire sprinkler or when having the use of the fire hose.

1.5.2) The pressure switch is used to detect the pressure in the fire hose system by sending a signal to the fire alarm system control panel when the pressure in the fire hose system is changed.

1.5.3) Alarm Bell is used for voice alarm when a fire occurs with the ability to sound an alarm when a fire occurs by using the water flow as the mechanical drive.



Flow Detector



Pressure Switch



Alarm Bell

1.6) Fire Pump is used to control the pressure and flow rate of the water sufficient for the used fire suppression system. The used pump must be certified for fire fighting following the standards of UL / FM and/or NFPA 20.



Fire Pump

1.7) Pressure Gauge is used to show the pressure value. It has the unit in pounds per square inch (PSI) and kilograms per square centimeter (kg / cm²).



Pressure Gauge

Group 2 : Group of various fire suppression systems such as fire suppression system with water, fire suppression system with foam, fire suppression system with gas and fire suppression system with clean fire extinguishing agents.

2.1) Water-based System uses the **Sprinkler System** to protect the property and life from fire. It is an effective fire suppression system to control fires and is installed widely throughout the world. It can control the fire immediately while the fire is still small and causes the fire to stop expanding and spread. Its result causes less smoke and limited the fire area.



Automatic Sprinkler



Concealed Sprinkler



Nozzle

For choosing fire suppression systems for open areas and the need for avoiding the use of fire extinguishing agents with certain gases that may be harmful to humans and the environment including the need for low maintenance costs, therefore, the technology of fire suppression systems with water is developed to be a fire extinguishing system using water mist fire protection system that the said system is a system that uses water as a fire extinguishing medium through a high-pressure nozzle system in which the water will be reduced to the smallest spray size to arrange the water droplets to have more surface to exchange heat and causes all water droplets to absorb heat energy. The evaporation of water droplets also causes oxygen metabolism that makes it able to extinguish the fire quickly.



Water Mist Fire Protection System

The fire extinguishing system with water can be divided into 4 main types consisting of:

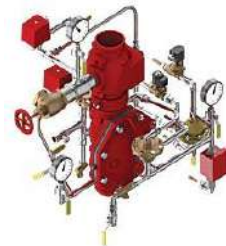
2.1.1) Wet Pipe System is suitable for the fire protection area at ambient temperature, not causing the water in the pipe to harden. Water from the fire extinguisher will spray out to extinguish the fire as soon as the fire occurs.



2.1.2) The Dry Pipe System is suitable for fire protection areas where temperatures are generally below the freezing point that may cause water hardening in the pipeline. In the pipeline system, compressed air will be used instead of water and suitable for countries with extremely cold climates or may be used in cold storage.



2.1.3) The Pre-action System is suitable for the protected areas that want to avoid the operation of the fire extinguisher that may fail and cause damage to property or high-value equipment such as the computer room, library, museum, etc.



2.1.4) The Deluge System is suitable for special fire protection areas that require a large amount of fire extinguishing water from all the open sprinklers at the same time and it is a wet pipe system that is widely used in Thailand.



Design and installation of fire sprinkler systems for any building must be designed to have at least one reliable fire suppression system that can deliver the water in sufficient amount and pressure to control the fire by using an automatic fire fighting pump connected to a water source, water tank, pressure water tank or public main pipe with sufficient pressure and flow at all times. Besides, the water supply must be calculated for fire suppression of the fire distribution system by using the occupied area of the building to calculate and must classify the area to be suitable for the type and amount of fuel materials available in that area.

2.2) Foam System is the fire extinguishing system (Foam System) is a system that combines water and foam concentrate to extinguish the fire by using foam principles or creating the surface of the foam on a flammable liquid to block oxygen from the fuel. The extinguishing foam system has important equipment such as;

2.2.1) Bladder Tank is used to contain extinguishing foam that can extinguish flames caused by oil or flammable liquids.



Bladder Tank



Foam Extinguisher

2.2.2) Foam Concentrate

a) Aqueous Film Forming Foam is a foam solution used for extinguishing fires caused by hydrocarbon such as crude oil, gasoline, fuel oil, etc., but not suitable for extinguishing fires caused by polar solvent solutions with water as a solvent such as a thinner and alcohol.

b) Alcohol Resistant Aqueous Film Forming Foam is a foam solution used for extinguishing fires caused by hydrocarbon and polar solvents that dissolve in non-polar solutions in which the foam solution causes the molecular pole disconnection.

2.2.3) Nozzles and other joints such as foam injection devices, control valves, etc.

2.3) Clean Agent Extinguishing System is a Total Flooding System for fire extinguishing systems with clean agents and suitable for fire fighting in protective areas where electrical equipment and electronic equipment are installed or in the areas with flammable liquids that want to protect the high-value property or important property for business operations by using Halocarbon Agent which can be divided into 3 types as follows;

2.3.1) FM-200 (Heptafluoropropane / HFC 227ea) Fire Suppression System

2.3.2) NOVEC 1230 Fire Suppression System

2.3.3) NAF-S125 (HF125) Fire Suppression System



2.4.2) Inert Gas Agent fire extinguishing system which uses inert gas in nature to fire as follows;

- a) Nitrogen Gas Fire Suppression System (N2)
- b) Inergen IG-541 Fire Suppression System
- c) Argon IG-01 Fire Suppression System
- d) Argonite Fire Suppression System



Group 3: Fire Alarm System product group

The fire alarm system is a system for detecting smoke or heat or flame occurring in the desired area that will send an alarm and an automatic fire alarm so that those who live in that area can be aware of the fire immediately and can extinguish the fire before the fire spreads and evacuates to a designated safety spot.

The fire alarm system has 4 main components; 1) Detection equipment 2) Fire alarm equipment 3) System control cabinet and 4) Alarm equipment by connecting each part with an electrical wire.

Product details of the fire alarm system are as the following;

3.1) Fire smoke detection equipment can be divided into 2 types as follows;

3.1.1) Spot type of smoke detector can be divided into 2 types: 1) Photoelectric Type that can detect smoke only and 2) Combined Type that can detect both smoke and heat.

3.1.2) Linear type of smoke detector can be divided into 2 types: 1) transmitting-receiving devices included in the same set and 2) separate receiving-sending devices.



Spot Type



Linear Type

3.2) Heat detector can be divided into 3 types as follows;

3.2.1) Fixed temperature type is heat detection at a constant temperature. The device will work as soon as it detects that the heat in the detected area increases to that temperature.

3.2.2) The rate of rising type is the detection of temperature changes in the area. The device will work as soon as it detects a temperature rise of 8 degrees Celsius within 1 minute.

3.2.3) Combined Type is heat detection which combines the principle of heat detection in both fixed temperature type and rate of rising type into the same device.



Heat Detector



Explosion Proof Type

3.3) Fire alarm equipment is used for sending the fire alarm to the control cabinet. When people see a fire incident, they can report the fire by using their hands. There are 2 types of fire alarm equipment which are push-type and pull-type.



Push-type of fire alarm equipment



Pull-type of fire alarm equipment

3.4) Fire alarm equipment is divided into 3 types; 1) Audible alarm: using for installation within general use areas 2) Strobe light alarm: can be installed in areas with machinery or noisy areas that are not suitable for audible alarm, and 3) Audible and strobe light alarm combined in the same device



Audible alarm



Audible and light alarm

3.5) Fire alarm control panels used for receiving signals from automatic and / or manual fire alarm systems. When the fire alarm control panel receives the signal, it will process and send the signal to alarm devices. The selection of the type of fire alarm control panel will be considered based on the suitability of space and usage.



Fire alarm control panel

Environmental Impact

-None-

Undelivered Works

As at December 31, 2019, the Company and its subsidiary have 86 undelivered works of fire protection system installation projects and remaining project value that has not yet recognized revenue Baht 207.23 million.

Key milestones of the Company

Key change in year 2019

The Company was listed company and started trading commencement in The Stock Exchange of Thailand on July 27, 2017

Key change and development in the past from company establishment to present

Year	Details
1999	<ul style="list-style-type: none"> Established Firetrade Engineering Co., Ltd. on November, 1999 with registered capital of Baht 2 million, Mr.Taksin Tantipijit group had shareholding of 85.50%. The Company distributed the fire protection products and equipments, fire suppression system, designing and sourcing services in fire protection equipment systems, fire suppression systems and fire alarm systems and head office located on No.19/20-22, Soi Soonvijai, Bangkapi Sub-district, Huaykwang District, Bangkok 10310.
2000	<ul style="list-style-type: none"> On February, 2000, the Company increased capital to Baht 10 million for investment and use as working capital to business expansion.
2001	<ul style="list-style-type: none"> On April, 2001, the Company increased capital to Baht 20 million for investment and use as working capital to business expansion. The Company had appointed to the distributor of automatic fire suppression system (foam) for industrial building, so the Company had to expand the customer base to industrial group and oil refinery.
2002	<ul style="list-style-type: none"> The Company moved its head office to No.21/56, Soi Soonvijai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310 with large useful space for supporting business growth.
2004	<ul style="list-style-type: none"> The Company hired additional office area at No.21/57, Soi Soonvijai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310 for supporting business growth and increasing service line staffs of installing fire protection system projects.
2007	<ul style="list-style-type: none"> Mr.Taksin Tantipijit established F.T. Contractor Co., Ltd. on May 11, 2007, with registered capital of Baht 1 million and Mr.Taksin Tantipijit group had shareholding of 100% and its head office located on No.21/56, Soi Soonvijai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310 to import and distribute clean agent fire suppression system to be more alternatives for customers.
2009	<ul style="list-style-type: none"> F.T. Contractor Co., Ltd. was change its company name to Fire Inspector Co., Ltd. (“FIS”) on December 16, 2009 and increased its registered capital to Baht 2 million. Mr.Taksin Tantipijit group bought 9,000 newly issued shares and Mr.Krisada Lehavanich who appointed to be sale executive of FIS bought 1,000 newly issued shares then Mr.Taksin Tantipijit group had shareholding of 95% while Mr.Krisada Lehavanich had shareholding of 5%. FIS moved its office to No.26/1, Soi Soonvijai 2, New Phetchaburi Road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310.
2011	<ul style="list-style-type: none"> The Company granted certificate management system by ISO standard 9001:2008 from SGS (Thailand) Limited under United Kingdom Accreditation Service (UKAS) and National Accreditation Council (NAC) from Ministry of Industry.

Year	Details
2014	<ul style="list-style-type: none"> • Lease term of No.21/56 area of head office expired then the Company moved its head office to No.21/57-58, Soi Soonvijai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310. • The Company hired to produce in Original Equipment Manufacturer (OEM) and marketing under the brand “TOTAL FIRE”. All products passed the standard quality from product quality tester in Malaysia along with British Standard (BS). The Company also hired manufacturer in Thailand to produce portable fire extinguisher and marketing under brand “TOTAL FIRE” and obtained Thai Industrial Standard (TIS) from Ministry of Industry.
2016	<ul style="list-style-type: none"> • FIS moved its office to to No.21/57-58, Soi Soonvijai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310. • On January 28, 2016, the Extraordinary General Meeting of Shareholders No. 1/2016 held the shareholders approved the dividend payment from net profit for the year 2012 at the rate of Baht 19.36047 per share, totaling Baht 3,872,094.95. • On July 28, 2016, the Extraordinary General Meeting of Shareholders No.2/2016 passed resolutions detail as follows: <ul style="list-style-type: none"> - The interim of the year 2016 was paid dividend to the existing shareholder of share 200,000 ordinary the dividend payment from net profit for the year 2012 - 2015 at the rate of Baht 1,395.74 per share, totaling Baht 279,148,000.00. - Increase the Company’s authorized share capital from Baht 20 million to Baht 225 million by newly issued share capital amounted to Baht 205 million and Allocated and offered increasing 2,002,500 ordinary shares to the existing shareholders according to the proportion of shareholding, and also offered 47,500 remaining ordinary shares to swap with Fire Inspector Co., Ltd’s 19,998 ordinary shares from its shareholders in order to restructure the group of business to avoid the conflict of interest in the future then the Company hold FIS proportion of 99.99 % of paid-up capital. - Approve to transform the limited company to public limited company rename to Firetrade Engineering Public Company Limited. - The Company Change the par value of authorized share from Baht 100 per share to Baht 0.50 per share with totaling authorized share capital 450 million ordinary shares. - Increase the Company’s authorized share capital newly issued share capital amounted to Baht 75 million with totaling authorized share capital Baht 300 million. In addition, 150 million ordinary shares with the par value of Baht 0.50 per share will be allocate for initial public offering (IPO).
2017	<ul style="list-style-type: none"> • At the general shareholders’ meeting of 2017 held on March 10, 2017, resolved to approved the dividend payment from net profit for the year 2016 to shareholders of 450 million ordinary shares at the rate of Baht 0.14 per share, totaling Baht 63.00 million. • At the Board of Directors’ meeting No. 2/2017 held on May 12, 2017, the Board of Directors approved an interim dividend payment from operation of the 1st quarter of 2017 at the rate of Baht 0.042 per share, totaling Baht 18.90 million. • The Company’s ordinary shares were accepted as the listed securities by The Stock Exchange of Thailand on July 27, 2017. • At the Board of Directors’ meeting No. 4/2017 held on November 8, 2017, the Board of Directors resolved to approve the interim dividend payment to the shareholder of share 600 million ordinary shares at the rate of Baht 0.07 per share, totaling Baht 42.00 million.

Year	Details
2018	<ul style="list-style-type: none"> • At the general shareholders' meeting of 2018 held on April 4, 2018, resolved to approve the dividend payment from net profit for the year 2017 to shareholders of 600 million ordinary shares at the rate of Baht 0.126 per share, totaling Baht 75.60 million. • At the Board of Directors' meeting No. 3/2018 held on August 10, 2018, the Board of Directors resolved to approve the interim dividend payment to the shareholder of share 600 million ordinary shares at the rate of Baht 0.09 per share, totaling Baht 54.00 million.
2019	<ul style="list-style-type: none"> • On February 21, 2019, FIS increase authorized share capital to Baht 10 million, for use as investment and working capital for business expansion. In which the Company exercised the right to purchase 99.99% of the increased shares and the Company exercised the right to purchase the increased shares from the directors requesting not to exercise the right to subscribe for the increased shares, totaling 8,000,000 shares. • At the general shareholders' meeting of 2019 held on March 28, 2019, resolved to approve the dividend payment from net profit for the year 2018 to shareholders of 600 million ordinary shares at the rate of Baht 0.11 per share, totaling Baht 66.00 million. • At the Board of Directors' meeting No. 4/2019 held on August 8, 2019, the Board of Directors resolved to approve the interim dividend payment to the shareholder of share 600 million ordinary shares at the rate of Baht 0.07 per share, totaling Baht 42.00 million.

Risk Factors

The Company gives priority to risk management including intending to resolve risk of company continually. The investor should consider risk factors and other details appeared in this document carefully before decides to invest. Risk factors specified in this document are referred from present information and prediction in the future as could be specified. Some significant risk factors could affect negatively to Company's share value. Risk factors specified in this document are not the whole remaining risk factors. Maybe there are some unknown risk factors and maybe some risk factors are considered by the Company as insignificant factors at the present but they could be significant risk factors affected significantly to revenue, profit, asset, liquidity, source of investment funds and business opportunity of the Company in the future. Then the investor should have discretion to consider information carefully.

Moreover, messages as future prediction, estimation, intention or purpose of the Company as appeared in this document such as “plan”, “intend”, “want”, “predict”, “deem that”, “believe that”, “estimate”, “may” or any words or messages likewise that are words or messages to indicate something would be happened in the future with uncertainty and the actual results would be different from those predicted.

1. Risk in business operation

1.1 Risk from discontinuity of revenue

Because of the Company and its subsidiary had revenue from serving project of installing fire protection equipments, fire suppression systems and fire alarm systems about 34% of total revenue in average back to 2 years (year 2018-2019). Business operation as contracting projects like this may have risk from discontinuity of revenue. When installing fire suppression system service was complete and handed over but there was no new project, the Company still had expenses especially fixed cost. So the Company could be affected by expenses inconsistent with revenue and it could affect company operation.

The Company had realized risk from discontinuity of revenue as well, we did yearly budget plan then Executive Committee could analyze and plan to do projects or contact to bid new projects consistent with nearly finished projects. This action could reduce risk from discontinuity of revenue and the Company and its subsidiary also had revenue from sales about 66% of total revenue that tended to grow continually so the Company had believed it won't be risk significantly.

1.2 Risk from relying on main foreign partners, risk from being cancelled from being distributor and main foreign partners coming to run business themselves

Because the Company was importer and distributor of fire protection equipment systems and fire suppression systems from foreign brand owners appointed the Company to be exclusive distributor such as OSW and appointed to be general distributor such as Dixon Powhatan, TYCO, Grinnell, SPP Pumps, LPG, Securiton, Fogtec and Pyrochem. So the Company had risk from relying on main foreign partners and risk from being cancelled from being distributor to change distributor or main foreign partners decided to run business themselves directly. Because most of contracts used to appoint distributors was the revised contracts to renew contracts of being distributor in every 1 - 3 years. If brand owners didn't renew being distributor of the Company and its subsidiary, it would affect to business operation of the Company. However, the Company was confident it won't be affected from that risk significantly because the Company had good relationship with foreign brand owners that were Company's partnership for over 20 years. Besides the Company could comply with the agreement of trading partner and got trust from partner to be distributor all along.

1.3 Risk from employing subcontractors to install products

Besides the Company distributed fire protection equipments and fire suppression systems, it also worked for project installing fire protection equipments and fire suppression systems such as high voltage sub-station project and sky train project. In order to work for projects, the Company must employ subcontractors to install products of customers and this may be risk to control quality of installing following Company's standard. However, the Company considered that risk as well.

However, to protect that risk, the Company had plan to control quality of work from selecting subcontractors, designing systems to controlling installation by having Company's engineers to check quality of installation and work in every steps thoroughly before handing over work to the customers. The customers must check and evaluate all works with Company's engineers once again before handing over to make the customers confident the quality of Company's works. For selecting subcontractors for installation, the Company must select standard subcontractors and used old subcontractors that the Company was confident with and clear contract would be written for each project. Moreover, the Company also did insurance before working every project. The Company never faced any complaints from customers about products or equipment installation and fire suppression systems.

2. Financial risk

Risk from exchange rate

Most of products were imported from foreign countries and must be paid by foreign currency but whole revenue of the Company and its subsidiary were in Thai baht. Orders from foreign countries of the Company and its subsidiary were about 70% - 80% of yearly total orders. Foreign exchange rate was always fluctuated so the Company and its subsidiary may get risk from exchange rate fluctuation that would affect Company's revenue and operation.

The Company had considered effect from risk and had policy to prevent risk from exchange rate. The Company got support from financial institutes to use financial tools such as opening Forward Contract that was financial limit able to cover debt of foreign account payable in some period. The Company had considered using that financial tool appropriately and the Company had financial limit of Forward Contract from financial institute that was enough for preventing risk from exchange rate for each period of ordering products from foreign countries. In order that the Company believed exchange rate for each period of foreign orders, then the Company was believed that exchange rate fluctuation won't affect to revenue and cost but affected to Company's operation significantly.

3. Risk from management

Risk from major shareholder influent to set administrative policy

The business had Mr. Taksin Tantipijit's group, the major shareholder, holding total shares about 64.66% of total paid-up shares (After Initial Public Offering had done.). Then minor shareholders may have risk from major shareholder influent to set administrative policy. Major shareholder was one of the Board of Directors influent to resolution of shareholders' meeting because its group had over half of total shares except resolution that must be approved from shareholders over three-fourths of issued and paid-up shares.

However, the Company had Audit Committee comprised 3 independent directors from all of 7 Board of Directors. This mechanism was good balance of power caused the Company to have potential to manage and had transparency to manage through mechanism of internal control system including the Company had set authority and table of authorities to be several levels following appropriate range or financial limit. Moreover, the Company considered important policy about Principles of Good Corporate Governance by setting methods to do good corporate governance effectively and these methods must be followed strictly.

Shareholding Structure

Registered capital and paid-up capital

Firetrade Engineering Public Company Limited was the listed company of the Stock Exchange of Thailand (SET). FTE details of registered capital and paid-up capital as at December 31, 2019 were as follows:

Registered and paid-up capital : Baht 300,000,000.00 comprising 600,000,000 ordinary shares with the par value at Baht 0.50 per share.

Fire Inspector Company Limited (subsidiary company) details of registered capital and paid-up capital as at December 31, 2019 were as follows:

Registered and paid-up capital : Baht 10,000,000.00 comprising 100,000 ordinary shares with the par value at Baht 100.00 per share.

Shareholder

Top 10 of major shareholder lists appeared in Book of shareholders' registration on book record date on December 30, 2019 were as follows:

No.	Name	Number of shares	% Shareholding
1.	Mr. Taksin Tantipijit's group	387,974,962	64.66
	1.1 Mr. Taksin Tantipijit	230,470,362	38.41
	1.2 Miss Paphanan Tantipijit ^{/1}	66,075,000	11.01
	1.3 Mrs. Pattamaporn Tantipijit ^{/2}	46,902,400	7.82
	1.4 Mr. Piyawach Tantipijit ^{/1}	44,527,200	7.42
2.	Mr. Banpote Jumroonrojana	27,000,000	4.50
3.	Miss Malinee Charoenkitpan	7,617,500	1.27
4.	Mr. Suepphong Phiriyadamrongwut	5,662,600	0.94
5.	Mr. Ittipol Lertphong	4,879,900	0.81
6.	Mr. Sophon Viraseranee	4,500,000	0.75
7.	Mr. Kosin Phobaikul	3,678,800	0.61
8.	Miss Walaiporn Wuthimetha	3,344,900	0.56
9.	Mr. Sa-nga Jirawatthana	3,095,600	0.52
10.	Mrs. Churairat Rattanasiriwilai	2,437,300	0.41
11.	Others	149,808,438	24.97
	Total	600,000,000	100.00

Remark: ^{/1} Miss Paphanan Tantipijit and Mr. Piyawach Tantipijit were children of person no.1.1 and no. 1.3

^{/2} Mrs. Pattamaporn Tantipijit was spouse of person no.1.1

Shareholding structure of Fire Inspector Co., Ltd as at December 31, 2019 were as follows:

No.	Name	Number of shares	% Shareholding
1.	Firetrade Engineering Public Company Limited	99,998	99.99
2.	Mr.Taksin Tantipijit	1	<0.01
3.	Mr.Krisada Lehavanich	1	<0.01
Total		100,000	100.00

The Board of directors' securities holding

Changing of the Board of directors and executives' securities holding during year 2019 were as follows:

No.	Committee and directors	Number of shares		
		As at Dec 31, 2018	As at Dec 31, 2019	Remark
Board of Directors				
1.	Mr.Pornsak Limboonyaprasert	0	0	- No change -
2.	Mr.Taksin Tantipijit	230,354,690	230,470,362	115,672 plus
3.	Mr.Sirichai Towiriyawate	0	0	- No change -
4.	Mr.Worapon Lopansri	0	0	- No change -
5.	Mrs. Pattamaporn Tantipijit	46,902,400	46,902,400	- No change -
6.	Miss Suwanee Chenchitkhachorn	13,792	100,690	86,898 plus
7.	Miss Pen Yodkliang	49,747	94,853	45,106 plus
Total		277,320,629	277,568,305	
Executive Committee				
1.	Mr.Taksin Tantipijit	230,354,690	230,470,362	115,672 plus
2.	Mr. Monnarit Tharapongsawas	0	0	- No change -
3.	Miss Suwanee Chenchitkhachorn	13,792	100,690	86,898 plus
4.	Mr. Boonlert Santiworanart	9,121	65,381	56,260 plus
5.	Mr. Prapan Chitrcharoenchai	0	0	- No change -
6.	Miss Khanita Khetarun	0	0	- No change -
7.	Miss Pen Yodkliang	49,747	94,853	45,106 plus
Total		230,427,350	230,731,286	

Remark: - On September 13, 2018, the Company received the approval of Employee Joint Investment Program ("EJIP"), Executives and employees has over one year working experience on the voluntary basis.

Dividend Policy

The Company has a dividend policy of no less than 40 percent of net profit, after the deduction of all legal reserves based on Separated Financial Statement as required by the law. Dividend payout may be subject to changes, depending on cash flow, investment plan, legal conditions. The Company considers all related factors and needs in the future to ensure that dividend payout does not affect normal business operations. The resolution of the Board of Directors on dividend payment must be submitted to shareholders' meeting for approval, except for interim dividend payout which must be approved by the Board of Directors and then reported in the next shareholders' meeting.

The subsidiary company would consider dividend policy proposed by the Board of Directors by regarding its performance and other factors.

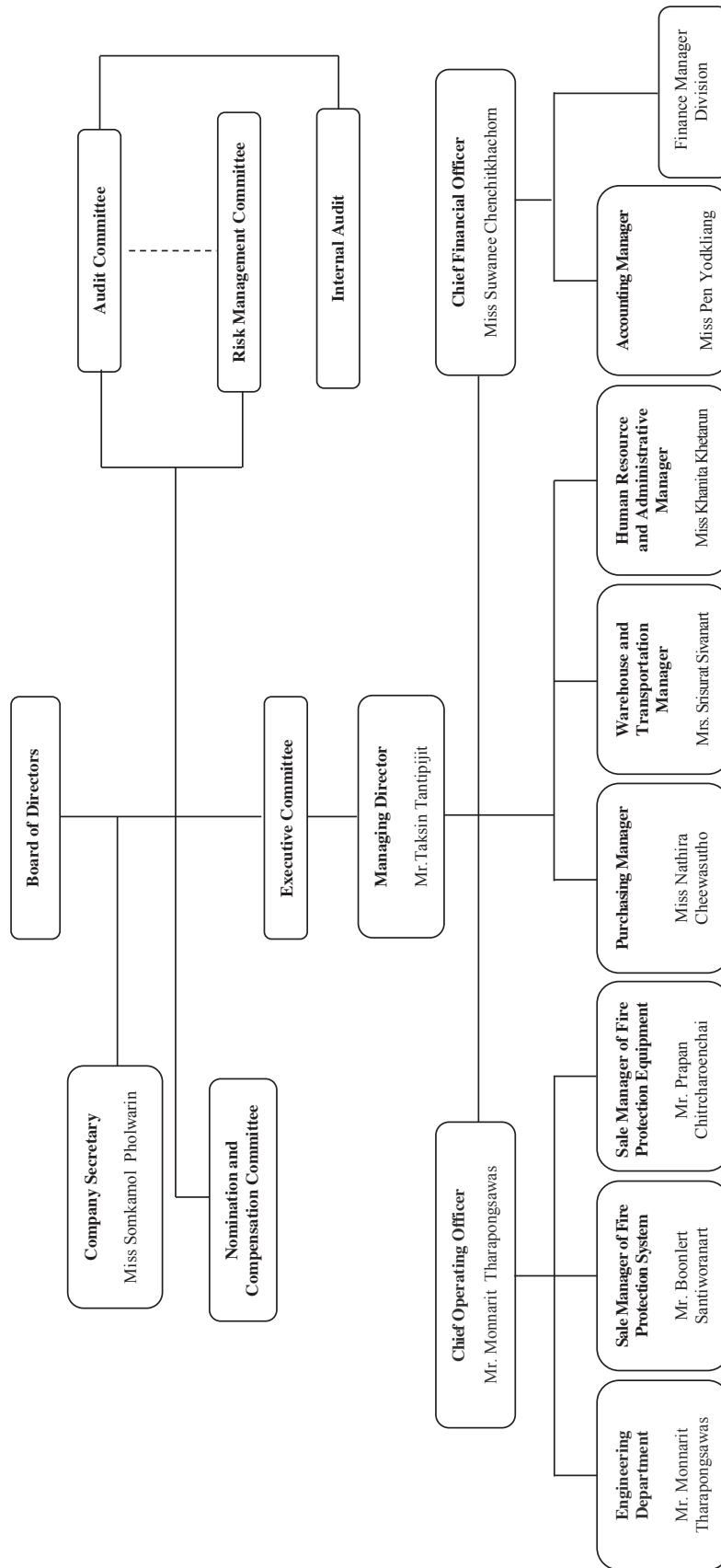
Dividend Information		Year 2017	Year 2018	Year 2019 ¹
Interim dividend	Million Baht	60.90	54.00	42.00
Yearly dividend	Million Baht	75.60	66.00	54.00
Total dividend	Million Baht	136.50	120.00	96.00
Dividend payout ratio after deducting legal reserves (Separate Financial Statements)				
	%	99.76	96.99	93.70
Par Value	Baht per share	0.50	0.50	0.50
Totaling ordinary shares	Million shares	600	600	600

Remark: - ¹ The Board of Directors to approve the dividend distribution for the year 2019 resolved to propose annual ordinary meeting of shareholders of year 2020 for Baht 96.00 Million.

- Individual ordinary shareholders may request a tax credit at rate of 20/80 of the dividend payment pursuant to the guidelines set forth in Section 47 bis of the Revenue Code.

Management Structure

Organization Chart as at December 31, 2019



Remark: All were the Board of Directors according to the Announcement of committee, the Securities and Exchange Commission except company secretary and Finance Manager Division.

Board of Directors

As of December 31, 2019, the Company's Board of Directors consists of 7 members as follows:

No.	Name	Position
1.	Mr. Pornsak Limboonyaprasert	Chairman of the Board of Directors / Chairman of the Audit Committee / Independent Director / Nomination and Compensation Committee
2.	Mr. Taksin Tantipijit	Vice Chairman of the Board of Directors / Nomination and Compensation Committee / Chairman of the Risk Management Committee / Managing Director
3.	Mr. Sirichai Towiriyawate	Director / Audit Committee / Independent Director / Chairman of the Nomination and Compensation Committee
4.	Mr. Worapon Lopansri	Director / Audit Committee / Independent Director
5.	Mrs. Pattamaporn Tantipijit	Director
6.	Miss Suwanee Chenchitkhachorn	Director / Risk Management Committee
7.	Miss Pen Yodkliang	Director

The Company Secretary is Miss Somkamol Pholwarin.

Authorized Directors

Authorized Directors who shall sign on behalf of the Company with the Company's seal affixed are Mr. Taksin Tantipijit or Mrs. Pattamaporn Tantipijit with the signature of Miss Suwanee Chenchitkhachorn or Miss Pen Yodkliang

Factors of the Board of Directors

The Board of Directors must have factors as follows;

1. The Board of Directors must consist of not less than 5 persons and not less than half of all committee must live in Kingdom of Thailand.
2. The Board of Directors must consist of independent directors at least one-third and not less than 3 persons. The qualification of independent director must be following standard of SET.
3. The Company's directors selected one director from committee who isn't executive to be Chairman of the Board of Directors.
4. The Board of Directors selected one person to work as the Board of Directors' secretary and he/she could also be director or not.

Duties and Responsibilities of the Board of Directors

1. Work with responsibility, carefulness, honesty and consider benefits of the Company carefully and perform following laws, objectives and regulations of the Company including shareholder's resolution.
2. Have duty on setting vision, policy and operation of the Company including supervise the Executive Committee to operate along specified policy effectively with effectiveness to add highest economic values to shareholders and also sustainable growth.

3. Be always responsible for shareholders. Operate business to maintain benefits of shareholders. Reveal important information to the investors correctly, completely with standard and transparency.
4. The Company's Board of Directors must be knowledgeable and have experiences that would be benefits for running business and are also interested in their Company's operation truly.
5. Evaluate work performance and set compensation of committee and Executive Committee.
6. Be responsible for turnover and performance of the Executive Committee to have intention and work carefully.
7. Control to have clear business target setting that could be measured to be method to set target in operation by considering probability and rationale.
8. Control to run business and operation ethically.
9. Control the Executive Committee to have system to manage risk appropriately and effectively.
10. Consider and judge in important cases such as mega project's policy and business plan, administrative authority and others as specified by law. In case of decision about the acquisition and disposition of assets or related lists, the Board of Directors must follow notification, regulation and/or related rules of the Securities and Exchange Act, notification of the Securities and Exchange Commission and notification of the Stock Exchange of Thailand except that transaction must be approved by shareholder's meeting, the Board of Directors couldn't approve that transaction.
11. Set authority and level of approval in transaction and operating related to Company's work to the group or person appropriately and legally by doing manual of authority and it must be revised at least 1 time per year.
12. Set accounting system of financial report and accounting audit reliably including provide procedure to evaluate suitability of internal control.
13. Appoint auditors and consider yearly audit fees to propose shareholders to consider and nominate.
14. Report responsibility of the Board of Directors in doing financial report by showing it with auditor report in annual report including important matters following code of conduct for Board of Directors of listed company of SET.
15. Control sub-committee performance to work consistent with charter specified.
16. The Board of Directors must evaluate performance by themselves and also evaluate overview of performance.

However, the committee who has gain and loss or conflict of interest or any benefits with the Company, he/she can't vote in that case.

The Board of Director Nomination and Term of Holding

The election of the Board of Directors must be done in shareholder's meeting following regulation as follows:

- 1) One share equals one vote.
- 2) Vote for a director or several directors could be used in election of the Board of Directors as the shareholder's meeting think fit. In each vote, the shareholders must vote with their all vote according to the clause 1 and they can't divide their vote to several candidates. The shareholder can't separate their vote in election according to Section 70 Paragraph 1 of Public Limited Companies Act B.E. 2535 (Non-cumulative vote only).
- 3) Majority vote is used in voting the Board of Directors. If the vote is equal, the Chairman will have casting vote.
- 4) The Board of Directors will hold the positions for 3 years. One year period is from the date of shareholder's ordinary meeting that the Board of Directors is nominated to the date of

shareholder's ordinary meeting in next year. The directors who vacate could be re-elected. Besides retiring by rotation, the directors must retire when;

- (A) Die
 - (B) Resign
 - (C) Be lack of qualification or having qualification prohibited by Public Limited Companies Act.
 - (D) The meeting votes to retire
 - (E) The court orders to retire
- 5) When some directors resign, they could submit their letter of resignation to the office registrar as well.
- 6) The Board of Directors who would be the director of other company must be approved from the Company's Board of Directors.

The Meeting of the Board of Directors

The Meeting of the Board of Directors is as follows:

- 1) The Board of Directors must hold meeting to be informed the Company's operation at least every 3 months. The directors must show their opinions and use discretion independently. The directors should participate in every meeting, besides there is some force majeure that must be informed to the secretary of the Board of Directors in advance, the Company must report the frequency of meeting attending of each director in annual report. The schedule of meeting must be informed in advance and the secretary of the Board of Directors must send invitation letter to all directors to know details of meeting date and agenda. Invitation letter must be sent in advance at least 7 days and the secretary must collect related documents from directors and managing department to send to directors and those documents must give enough information to help the Board of Directors to decide and use discretion independently. The secretary of the Board of Directors must be recorder of the meeting to do the meeting report with complete contents within 15 days the meeting finished to propose to the Chairman of the Company to sign. The good storage system must be provided for easy finding and confidentiality.
- 2) The Board of Directors who has gain and loss in some agenda couldn't vote for that agenda.
- 3) Majority vote must be used in the Board of Directors' meeting. In case that the vote is equal, the Chairman must have casting vote. However, the opinion of other director that disagrees with resolution must be noted in meeting report.

Terms and Attendance Record of the Board of Directors and Board Committees as of December 31, 2019

Name	Year 2019		
	Board of Directors	Audit Committee	Nomination and Compensation Committee
1. Mr. Pornsak Limboonyaprasert	5/5	5/5	1/1
2. Mr. Taksin Tantipijit	5/5	-	1/1
3. Mr. Sirichai Towiriyawate	5/5	5/5	1/1
4. Mr. Worapon Lopansri	5/5	5/5	-
5. Mrs. Pattamaporn Tantipijit	4/5	-	-
6. Miss Suwanee Chenchitkhachorn	5/5	-	-
7. Miss Pen Yodkliang	5/5	-	-

Management Team

As of December 31, 2019, the Company's Management Team consists of 9 members as follows:

No.	Name	Position
1.	Mr. Taksin Tantipijit	Managing Director
2.	Mr. Monnarit Tharapongsawas	Chief Operating Officer
3.	Miss Suwanee Chenchitkhachorn	Chief Financial Officer
4.	Mr. Boonlert Santiworanart	Sale Manager of Fire Protection System
5.	Mr. Prapan Chitcharoenchai	Sale Manager of Fire Protection Equipment
6.	Miss Nathira Cheewasutho	Purchasing Manager
7.	Mrs. Srisurat Sivanart	Warehouse and Transportation Manager
8.	Miss Khanita Khetarun	Human Resource and Administrative Manager
9.	Miss Pen Yodkliang	Accounting Manager

Duties and Responsibilities of the Managing Director

- (1) Control business operation, plan strategy in operation and manage daily works of the Company.
- (2) Judge the important matters of company, set Company's mission, objectives, method, policy and control administration in work line.
- (3) Have authority to supervise, contact, order and sign in contract, order or other documents specified in manual of authority.
- (4) Have authority to employ, nominate and dismiss person as he/she thinks fit including setting range of appropriate authority and compensation. The managing director could discharge staffs in various levels appropriately as specified in manual of authority.
- (5) Have authority to set commercial conditions for Company's benefits.
- (6) Consider investment in new business or cancel business before proposing to the administrative committee and/or Company's the Board of Directors.
- (7) Any matters as requested by the Board of Directors and/or the Executive Committees.

However, to assign duties and responsibilities of Executive Committee as above will not include authority and/or giving sub-attorney to approve any transaction that they or sub-attorney person or person with conflict (as defined in announcement of the Capital Market Supervisory Board) having gain and loss or other benefits resistant with the Company. The transaction approval in that case must be proposed to the Board of Directors' meeting and / or shareholder's meeting (up to case by case) to consider and approve that transaction according to the Company's regulation or related laws.

Company Secretary

As specified in Section 89/15 of Public Limited Companies Act B.E.2535, it specifies that the Company's Board of Directors must provide company secretary responsible on behalf of company or the Company's Board of Directors. The No.6/2017 meeting of Company's Board of Directors had resolution on July 8, 2017 to appoint Miss Somkamol Pholwarin to be the Company secretary and had duties and responsibilities as follows:

- 1) Do and restore documents as follows:
 - (A) The registration of committee
 - (B) The invitation letter to make an appointment with the Board of Directors, meeting report of committee and Company's annual report
 - (C) The invitation letter to make an appointment with the shareholders and meeting report of shareholders
- 2) Keep documents of gain and loss reported by the Board of Directors or Executive Committee.
- 3) Send copy documents of gain and loss following Section 89/14 to notify Chairman of the Board of Directors and Chairman of Audit Committee within 7 days from the date the Company has received those documents. The Company must provide document storage system or related evidences that show information and take care to provide storage correctly, completely and verifiably within not less than 10 years from the date the document or information done.
- 4) Act others as the Capital Market Supervisory Board, the Securities and Exchange Commission specified.

The performance principle of company secretary

The Company secretary must work with responsibility, carefulness, and honesty including performing following law, objectives, regulation of the Company, resolution of the Board of Directors and resolution of the shareholders by:

- 1) The decision must be made on sufficiently reliable information.
- 2) The decision is made by the secretary with no gain and loss directly or indirectly in that decided case.
- 3) Perform honestly for highest benefits of the Company
- 4) Perform with legal and appropriate objectives and do not perform be in conflict significantly with the Company
- 5) Do not seek any benefits from using information of the Company except that is information publicly available or use assets or business chances of the Company to violate rules or general principles as specified by the Capital Market Supervisory Board.
- 6) Do not make any agreement or contract that may cause of conflict of interest with company, staff or Company's customers and this action is opposed to secretary's performance.

In Case the Company Secretary has retired or can't work

The methods are set in case that the Company secretary has retired or can't work are as follows:

- 1) The Board of Directors must appoint new company secretary within 90 days from the date the old company secretary has retired or can't work.
- 2) The Board of Directors could give authority to one of the director to act as company secretary in the period that the Company secretary has retired or can't work.
- 3) The Chairman of the Board of Directors must inform the name of company secretary to the Securities and Exchange Commission within 14 days from the date new responsible person is provided.
- 4) To inform the Securities and Exchange Commission to know document storage place according to the duties and responsibilities of the Company secretary.

Monetary Remuneration

A. Board of Directors

➤ Meeting Allowance

The ordinary meeting of shareholders of the year 2019 that was held on March 28, 2019, had approved remuneration for the Board of Directors in amount not over than Baht 2.50 million per year by setting meeting allowance by position as follows:

Position	Meeting Allowance (Baht/Meeting)	
Chairman of the Board of Directors	15,000.00	Baht
Vice Chairman of the Board of Directors / Director	10,000.00	Baht
Chairman of the Audit Committee	15,000.00	Baht
Audit Committee	10,000.00	Baht
Nomination and Remuneration Committee	5,000.00	Baht (Independent Director only)
Risk Management Committee	5,000.00	Baht (Independent Director only)

➤ Bonus

Board of Directors and Audit Committee will receive as appropriate and depends on the performance. The Nomination and Remuneration Committee propose to the Board of Directors for approval. The Chairman of the allocation of bonus to directors of the Company and member of the Audit Committee.

Board of Directors and Board Committees have received the meeting allowance and bonus, as follow:

(Unit : Baht)

No.	Name	Year 2019				Total
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Bonus	
1.	Mr. Pornsak Limboonyaprasert	75,000	60,000	5,000	200,000	340,000
2.	Mr. Taksin Tantipijit	50,000	-	-	100,000	150,000
3.	Mr. Sirichai Towiriyawate	50,000	40,000	5,000	200,000	295,000
4.	Mr. Worapon Lopansri	50,000	40,000	-	200,000	290,000
5.	Mrs. Pattamaporn Tantipijit	40,000	-	-	100,000	140,000
6.	Miss Suwanee Chenchitkhachorn	50,000	-	-	100,000	150,000
7.	Miss Pen Yodkliang	50,000	-	-	100,000	150,000
Total		365,000	140,000	10,000	1,000,000	1,515,000

(Unit : Baht)

No.	Name	Year 2018				Total
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Bonus	
1.	Mr. Pornsak Limboonyaprasert	60,000	60,000	5,000	360,000	485,000
2.	Mr. Taksin Tantipijit	40,000	-	-	120,000	160,000
3.	Mr. Sirichai Towiriyawate	40,000	40,000	5,000	360,000	445,000
4.	Mr. Worapon Lopansri	40,000	40,000	-	360,000	440,000
5.	Mrs. Pattamaporn Tantipijit	40,000	-	-	120,000	160,000
6.	Miss Suwanee Chenchitkhachorn	40,000	-	-	120,000	160,000
7.	Miss Pen Yodkliang	40,000	-	-	120,000	160,000
Total		300,000	140,000	10,000	1,560,000	2,010,000

B.Executives Remuneration

Executive Remuneration	Year 2018		Year 2019	
	Executives (person)	Million Baht	Executives (person)	Million Baht
Salary, Commission and Bonus	9	16.12	9	18.00
Social Security	9	0.08	9	0.08
Provident Fund and Employee Joint Investment Program ("EJIP")	9	0.51	9	0.89
Total	9	16.71	9	18.97

Remark : - The Company established a provident fund for its employee since on December 1, 2007 and the fund is managed by BBL Asset Management Co., Ltd. Contributions are made monthly at the rate of 3% - 5% of their basic salaries and working life.
 - The Company established employee joint investment program ("EJIP") on September 13, 2018, the Company will pay contributions to the project at the rate that is equivalent to the accumulated amount of employees participating in the project. There are 3 executives who have not participated in the employee joint investment program ("EJIP").

Number of Employees

The Company and its subsidiary - Fire Inspector Company Limited (FIS) have number of employee as follows:

Category/Department/Division	Total (Person)			
	31 December 2018		31 December 2019	
	FTE	FIS	FTE	FIS
Executives	9	-	9	-
Employees				
Purchasing	8	-	7	-
Accounting and Finance	21	-	21	-
Human Resource and Administrative	5	-	6	-
Information and Technology	3	-	3	-
Sale of Fire Protection System	25	6	25	6
Sale of Fire Protection Equipment	26	-	24	-
Warehouse and Transportation	24	-	24	-
Engineering - Desig	12	-	15	-
Engineering - Project	23	-	30	-
Engineering - Service	26	-	32	-
Total	182	6	197	6

Employee Remuneration

The Company and its subsidiary - Fire Inspector Company Limited (FIS) have employee remuneration obligations as follows:

Employee Remuneration	(Unit : Million Baht)			
	Year 2018		Year 2019	
	FTE	FIS	FTE	FIS
Salary, Commission, Allowance,				
Overtime pay, and Bonus	100.84	4.75	110.83	4.51
Social Security	1.57	0.05	1.68	0.05
Provident Fund and				
Employee Joint Investment Program ("EJIP")	2.21	0.15	3.46	0.24
Total	104.62	4.95	115.97	4.80

Remark : - The Company and its subsidiary established a provident fund for its employee since on December 1, 2007 and the fund is managed by BBL Asset Management Co., Ltd. Contributions are made monthly at the rate of 3% - 5% of their basic salaries and working life.

- The Company established employee joint investment program ("EJIP") on September 13, 2018, the Company will pay contributions to the project at the rate that is equivalent to the accumulated amount of employees participating in the project.

Major Labor Dispute in the past 3 years

-None-

Human Resource Development Policy

The Company and its subsidiary are aware of importance of staff development to support knowledge to staffs to increase ability and potential in working by setting staff development plan as the yearly training plan to train for increasing work skills such as internal company training, knowledge training, understanding of sale products and sending staffs to train in outside institutes related to work for giving knowledge to Company's staffs continuously including providing welfare in several formats to staffs for creating morale of staffs in long-term working.

Corporate Governance

1. Corporate Governance Policy

The Board of Directors has code of best practices for directors of listed company including setting good corporate governance policy and performs following principles and methods related to corporate governance to create efficiency and effectiveness in managing work and cause fairness to every parties related to the Company as explainable as follows:

Section 1: Rights of Shareholders and Equitable Treatment of Shareholders

1. Rights to trade or transfer shares and acknowledge correct, complete, transparent information such as Company's performance, important information in period and key information following event revealed via Company's website and information technology system of SET both Thai and English versions to provide shareholders information thoroughly.
2. Rights to join shareholder's meeting, vote in shareholder's meeting and getting allocation form profit/dividend equally including having rights to get fair practice in Company's share redemption (if any).
3. Rights to give a proxy: The Company gives a chance to shareholders who can't join the meeting to give proxy to others by using form set by Department of Business Development, Ministry of Commerce and facilitates to the principal to give a proxy to independent directors to work as principal's intention. However, the Company will attach independent directors' details with invitation letter and publicize via Company's website.
4. Rights to join in shareholder's meeting all the time of meeting and vote in shareholder's meeting except in any agenda the shareholders have some gain and loss particularly. Moreover, the Chairman of the meeting gives a chance to the shareholders to show their opinions and ask in the meeting and also note issues in meeting report to let absent shareholders know.
5. Rights to make decision in important issues in shareholder's meeting aside from duties that are assigned authority to the Board of Directors to manage such as approval the last meeting report of the shareholders, yearly financial statement approval, considering to allocate profit and dividend payment / non-payment, committee election to replace of the committee that retires by rotation, setting compensation in format of the attendance fee, bonus / pension and other benefits of the Board of Directors, appointing Company's Audit Committee and setting audit fee including considering related transaction and significant asset acquisition and deposition.
6. In every shareholder's meeting, the Company provides independent directors without gain and loss with the Company and/or institute agents to check shareholder's documents, count a quorum, count a vote, examine resolution and result of vote to run the meeting transparently following the law and Company's regulation.
7. The Company will not increase agenda or change key information by not notifying shareholders in advance before shareholder's meeting.
8. The Company facilitates and supports shareholders including institutional investors to join shareholder's meeting. The Company chooses meeting place that shareholders could come to join comfortably.

Rights to Get Information from Shareholders

1. The Company makes invitation letter with agenda details and the Board of Directors show their opinions clearly in each proposed agenda in shareholder's meeting invitation including showing rules and steps to join meeting by sending invitation letter to the shareholders in advance at least 7 days or 14 days before meeting and it is publicized on Company's website.
2. Rights to know information and details of electing committee agenda. The invitation letter has identified names and profiles of each committee proposed to be candidates, type of proposed committee, and information of meeting attending in last year, the date they had nominated to be Company's directors. The Company proposes the directors' name to the shareholders to vote individually and give shareholders a chance to elect needed committee.
3. Rights to know information and details of electing Audit Committee and set audit fee in the invitation letter by setting Audit Committee, the Company to belong, experience of Audit Committee, freedom of Audit Committee and service fee of Audit Committee as specified clearly.
4. Rights to get notification about steps of vote in resolution, using ballot and counting vote in each agenda before starting shareholder's meeting clearly.
5. To be transparent and verifiable in the shareholder's meeting, ballot would be used in every agenda of meeting and the Company could use computer system to register and vote resolution of shareholders to increase speed and accuracy.
6. Rights to know the board of director's resolution about details of meeting, the date to set shareholder names to join the meeting and have right to get dividend and agenda of the meeting in advance before the meeting date by revealing information via Company's website and information of SET after the Company had be listed company of SET.
7. After the meeting of shareholders, the Company does meeting report of the shareholders and the amount of vote both, agreed, disagreed and abstained vote and sends copy of full meeting report within 14 days from the meeting day of shareholders to the Securities and Exchange Commission and SET and to publicize information via Company's website including give a chance to the shareholders to show their opinions and inquire in the meeting as details noted in meeting report of shareholders.

Right to propose agenda of ordinary meeting of shareholders and propose name of person to be elected as the Company's Board of Directors

The Company supports the shareholders to propose the case to maintain in meeting agenda and propose person to be elected as Company's the Board of Directors including have a chance to show their opinion and inquire questions to the board of director in related case with company in advance not less than 1 month before ordinary meeting of shareholders according to regulation the Company set and publicize via the Company's website.

Rights to join in ordinary meeting of shareholder of the Board of Directors and Board Committees

1. The Company promotes and supports the Chairman, the Board of Directors, Executive Committee and Directors of the Company to join in every shareholder's meeting to meet and answers the shareholders.
2. The Company promotes and supports the Chairman of the Board Committee to join in every shareholder's meeting to answer shareholders in the issues related to board committee.

Section 2: Roles of Stakeholders

The Company is aware of right of stakeholder in every group equally both outside stakeholder that comprises shareholders, customers, competitors, creditors, society, community, environment and related government sectors including internal stakeholder that comprises staff of the Company because that stakeholder is the key mechanism that could develop and create success to the Company. This is considered as supporting operation of the Company to grow continually and sustainably.

Then the Company does policy of corporate governance and stakeholder's regulation in each group in the Code of Conduct to create good understanding to every stakeholder and create good regulation for the board of director, the Executive Committee and all level of staff. In order that the Company also publicize via its website as follows;

Shareholders: Besides consider to standard benefits of shareholders that are equal, the Company also set the methods to work consistent with good corporate governance. The Company reveals information correctly and transparently and has internal control and risk management, anti-corruption policy and channel to contact with company adequately to ensure the shareholders that the Company would run business transparently to create security growth and compensation to the shareholders in long-term.

Customers: The Company aims to create highest pleasure to the customers by developing quality of goods and services with quality and eco-friendly continuously including having raw material selection and standard processing to ensure the customers would get better goods and service with quality in reasonable price. Moreover the Company also surveys customer's satisfaction and adds channel the customers could complain the Company through company's website and the Company will keep complaint information secretly and if that complaint has significant, it would be proposed to the Board of Directors to find the way to manage as well.

Business Partners: The Company is aware of equality in running business on the basis of fairness and mutual benefits. The process to select business partner is to set steps, methods to select business partner clearly with fairness and transparency by considering fame, standard and good corporate governance including doing contract with fair and legal conditions. Moreover the Company has policy not to accept money, assets or other benefits from business partner and not encourage illegal business partner related to corruption or human rights violation.

Competitors: The Company runs the business according to the fair rule framework by considering advocacy law and ethics in running business, anti-corruption or not destroy competitor's reputation or searching secret business information of the competitor by using illegal methods directly and indirectly.

Debtors: The Company performs to every creditors with equality and fairness by performing following condition, agreement and contract strictly to ensure the creditor about financial status of the Company and complete solvency within due date. In case that there are some changes in condition, agreement and event affected to solvency. The Company will tell the creditor to find the way or method to resolve problems together.

Community, Society and Environment: The Company is concentrated in operation considered the effect to community, society and environment by giving priority to social activities and community that the Company runs business by giving importance to policy of health, security and environment. However, the Company supports the Executive Committee and staffs in all level to use resources effectively, worthy and working with conscious mind of safety and considering to environment and stakeholder along with the growth of the Company sustainably.

Staff: The Company believes that staff is important resource of the Company because staff is the part of Company's success. The Company still gives important to respect for human rights by serving to all level of staff and stakeholder with equality and not separate by reason of diversity in race, religion, gender and culture without standard human right violation. Also the Company performs following labor law, having fair employment, doing work contract with fair condition, having compensation structure consistent with ability and responsibility in position and having system of wage, compensation and benefit payment of staff appropriate, finding good welfare suitable with company status to the Executive Committee and staff, caring environment in working to have safety for life, health and asset, allowing the staff to take leave, transferring following suitability and providing communication channel between staff and Executive Committee including supporting development process and accumulating knowledge skills by providing training following position both inside and outside company necessarily and suitably to be development and reinforcing ability of staff continually and regularly. However, the Company focuses on respect for human rights, every staff must be serve equally and will not discriminate for some staff by using private relationship.

Government: The Company insists on supporting government sector operation and performs following rules and policy of controlling institute along with promoting and supporting to have cooperation in several activities of state agency to reinforce security and growth to nation including giving importance about intellectual property or copyright work by operating company under the law or regulation about right in assets, won't act or support to act as violating intellectual property such as copyright, patent, trade secret, trademark, information, trade name and geographical indication and every kind of intellectual property by setting policy that the Executive Committee, staff and employee must be perform following it to run business transparently, fair and verifiable. In addition, the business won't do any business with juristic person or person who violates every kind of intellectual property.

Section 3: Disclosure and Transparency

The Company focuses on information disclosure along the path of SET in revealing correct, complete and transparent information and then every stakeholder, investor, related analyst including anyone interested to acknowledge information details equally in revealing information following accounting period and event both in Thai and English versions as follows:

1. Company's important document, policy of corporate governance, business code of conduct, Company's certificate, Company's regulation, memorandum of association, invitation letter of shareholder's meeting and meeting report of shareholders.
2. Financial information and having responsibility report of the Board of Directors to financial report shown together with Audit Committee's report, Executive Committee's analysis, general information and key information in annual report and annual registration statements form correctly, completely and updated and following regulation of the Securities and Exchange Commission.
3. The structure of committee, role and duty of the Board of Directors and board committee, the number of meeting and the number of attending in meeting of each committee.
4. Compensation of the committee, managing director and Executive Committee compared with the same level in the same industry, experience, duty, scope of role and responsibility for compensation of managing director and Executive Committee following regulation and policy set by the Board of Directors within framework approved from shareholder's meeting and to consider to highest benefits of the Company. The Nomination and

Compensation Committee would consider and screen that compensation before submitting to the Board of Directors and shareholder's meeting by considering from performance and self-evaluation of the Board of Directors, individual Director, Board Committee and Managing Director.

5. Conflict of interest of the Board of Directors, Executive Committee and related person in case of first holding office or when having information change, the Company secretary must prepare conflict of interest report form for the committee and copy that report sending to the Chairman of the Board of Directors and the Chairman will examine within 7 days from the date he has gotten that report.

However, the Company always adjusts the information consistent with present situation of the Company and publicizes key information via communication channel as Company's website and information system of SET.

Section 4: Board Responsibilities

The Company's Board of Directors as the representatives of the shareholders have important duties on setting vision, mission, policy and making decision about Company's policy and strategy, following and examining performance of Executive Committee to be consistent with policy and strategy for highest benefits of the shareholders including performance of business comparing with action plan. Then the board must consist of experts with various knowledge, ability and experience that could bring their experiences to develop and set policy that would be benefits for business operation.

Moreover, the Board of Directors must focus on revealing information adequately to shareholders, investors and related parties. That revealed information must be correct, complete, transparent and update including financial report, performance, other related information including information affected to Company's asset value according to good corporate governance by publicizing information and other news for shareholders, investors and related parties to use with decision making via several channels such as sending document by mail, revealing information via Company's website and information system of SET.

The Structure of the Board of Directors

The Company's Board of Directors sets the structure of the board to comprise various qualifications of the committee in aspect of gender, skill, experience and useful and adequate abilities to work potentially. The Company has 7 directors and three are independent directors and it is one-thirds of the whole directors to balance the directors and the qualification of the independent directors must follow regulation set by the Securities and Exchange Commission in Clause 16 of the Capital Market Supervisory Board announcement No. ThorJor. 39/2559. The Board of Directors assigns board committee such as Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee. Anyway, the Company had done charter for 4 groups of Board Committee and publicized via Company's website.

Business Ethics

The Board of Directors supported to have business ethics for the directors, Executives and staffs to hold and perform and it deems to be mutual duties and responsibilities for highest benefits to Company's stakeholders including creating reliability to run business to make the Company grows sustainably.

Risk Management Policy

The Board of Directors set the risk management policy covered all organizations by starting from risk identified process, risk evaluation including creating risk standard to prevent risk management potentially and all the time.

Remuneration Setting Criteria for Directors and Executives

The Company has process to set clear and transparent remuneration by Nomination and Remuneration Committee will set remuneration for the Board of Directors and top executives to propose for getting resolution from the meeting of the Board of Directors and asks for approval of shareholder's meeting that would consider appropriateness to set remuneration of directors from Company's financial status, scope of the Board of Directors, responsibility of the board of director or each executive to be in level that could persuade and keep the expert directors to work with the Company and could compare with the remuneration of the directors in the same or similar industry. Every directors understand their responsibility as the Company's committee and ready to show their opinions independently and adjust themselves update including work with honesty and carefulness and cautiousness by considering to highest benefits of the Company and to be fair to every shareholders. Moreover, every committee are also devote their time to work responsibly and adequately including holding this regulation when join meeting of the Board of Directors except there is some necessary reason.

Succession Plan

The Company realizes the importance of running business potentially and continually then it sets policy and regulation of selecting Executive Committee and succession plan by having transparent process that considers from knowledge, ability including experience and ethics as follows;

- 1) Set key position to run business in each line/part/department.
- 2) Set qualification of the committee that would be successor.
- 3) Set Executive Committee in each part/institute that have qualification and ready to succeed.
- 4) Set name list and staff in each level with high potential that has a chance to be successor in next time.
- 5) Set to develop Executive Committee that is specified including staff and high potential Executive Committee to prepare himself/herself.
- 6) Revise and doing annual report to propose to the Board of Directors.

Section 5: Internal Control and Risk Management

Internal Control and Internal Audit

The Company focuses on internal control system and internal examination then assigns Audit Committee to control internal control system and internal examination, to revise adequateness of the internal control system, to analyze and manage internal control including developing work system on internal examination, internal control management and internal examination work to have potential and appropriateness for the Company including controlling conflict of interest, preventing corruption or misconduct to help Company's operation running effectively and also be support institute for company to perform following good corporate governance, code of conduct in operation, regulation and related law. Moreover, the Company provides monitoring mechanism and balance by internal monitoring institute under the Audit Committee to ensure they will have independence to monitor, evaluate effectiveness and adequateness of internal control system.

Risk management

The Company focuses on risk management tends to occur in business operation from internal and external factors. Because it is key mechanism to take the Company reaches the aim and mission as specified in strategies. Because of these reasons, the Board of Directors assigns the Risk Management Committee to control risk management of the Company following aim, to set policy, risk management measure for the Executive Committee and staffs in every levels to hold, evaluate and manage risk occurred from Company's operation such as risk of strategies, risk of practices, risk of finance, money risk, information risk, politics and disaster risk, then report to the Board of Directors to know and seek methods and ways to manage risk to adjust effectively.

Section 6: Avoidance in Conflicts of Interest

The Board of Directors have policy to prevent transaction that could have conflict of interest by setting policy forbidding the Board of Directors, Executive Committee and every level of staffs. Seeking private benefits that could conflict with Company's benefits or key transaction such as related transaction by setting policy, practices and considering process, procedure to consider and approved transaction. The Board of Directors must perform following internal control system about related transaction and the regulation of the institute controlled listed company and related law.

Section 7: Ethics to Run Business and Code of Conduct

The performance following standard of highest ethnics to other stakeholders is the important thing to create image and reputation of the Company. The Board of Directors could have regulation of code of conduct to help the Board of Directors, the Executive Committee and staffs to hold as manual with responsibility, honesty, fairness, virtue in profession and performing following rules and regulations to create confidence and reliability to all group of stakeholder and related persons.

In the part of investor relation, the Company hadn't set the agency but had been assign to Mr. Taksin Tantipijit, the managing director to responsible for contracting with investor, shareholders, analyst and related persons that could contact at telephone No. 02-641-4707-12. Moreover the Company has a plan to set investor relationship center to be special institute for caring and responsible for future investor relationship.

2. Sub-Committees

The structure of the Board of Directors comprises 4 of Sub-Committees groups such as Audit Committee, Executive Committee, Risk Management Committee and Nomination and Remuneration Committee.

Then the annual meeting of shareholder year 2016 on April 29, 2016 and the Board of Directors' meeting No. 1/2016 (after registering for transformation) on August 11, 2016 had resolution to scope duties and responsibilities of other Board of Directors as follows:

2.1 Audit Committee

As of 31 December 2019, the Audit Committee consists of 3 Directors as follows:

No	Name	Position
1.	Mr.Pornsak Limboonyaprasert	Chairman of Audit Committee / Independent Director
2.	Mr.Sirichai Towiriyawate	Audit Committee / Independent Director
3.	Mr.Worapon Lopansri	Audit Committee / Independent Director

Remark:- Audit committee with knowledge and experience in verifying reliability of financial statement is Mr. Pornsak Limboonyaprasert who graduated from Faculty of Commerce and Accountancy, Chulalongkorn University.
- Secretary of Audit Committee is Miss Somkamol Pholwarin.

Qualification of Audit Committee

The Audit Committee must have qualification as follows:

- (1) Be appointed from the Board of Directors.
- (2) Have qualification as specified in Public Law, Securities and Exchange Law and regulation of SET comparing with qualification of the independent director as follows;
 - (A) Holding not more than 1% of the total number of shares with the voting rights of the Company, parent company, its subsidiary, associated companies, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by the related person of each member of the Audit Committee shall also be included.
 - (B) Neither being a director who takes part or used to take part in management, nor being or used to be an employee, staff, an advisor who receives regular salary, nor the controlling person of the Company, parent company, its subsidiary, associated companies, major shareholders or the controlling person of the Company, unless such director has resigned from such position for at least 2 years before the day the Company submits permission from Securities and Exchange Commission. However, that incompatibility qualification is not including in case that the independent director has ever been government officer or consultant of government department that is major shareholder or controlling person.
 - (C) Not being a blood-related person nor legally related as father, mother, spouse, brother, sister and children, including being the spouse of the children of the executives, major shareholders, controlling persons or the persons who will be nominated as the executive or controlling person of the Company or its subsidiary.
 - (D) Neither having, nor used to have any business relationship with the Company, parent company, its subsidiary, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither being, nor used to be a key shareholder or controlling person of the entities having business relationship with the Company, parent company, its subsidiary, associated companies, major shareholders, or the controlling persons of the Company, unless such director has resigned from such position for at least 2 years before the day the Company submits permission from Securities and Exchange Commission.

The term ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3 % or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of 1 year prior to the date on which the business relationship with the person commences.

- (E) Neither being, nor used to be the auditor of the Company, parent company, its subsidiary, associated companies, major shareholders, controlling persons of the Company, nor being a significant shareholder, controlling person or partner of the audit office having the auditor providing auditing service to the Company, parent company, its subsidiary, associated companies, major shareholders, or the controlling persons of the Company, as a member, unless such director has resigned from such position for at least 2 years before the day the Company submits permission from Securities and Exchange Commission.
- (F) Neither being, nor used to be a provider of any professional services including the legal advisory or financial advisory services that received fees in the amount of more than Baht 2 million per year from the Company, parent company, its subsidiary, associated companies, major shareholders, or controlling persons of the Company, nor being significant shareholders, the controlling persons, or partners of such professional services provider, unless such director has resigned from such position for at least 2 years before the day the Company submits permission from Securities and Exchange Commission.
- (G) Not being a director who has been appointed as a representative of the Company, major shareholders or shareholders relating to major shareholders.
- (H) Neither operating the business having the same nature which significantly competes with the business of company or its subsidiary, nor being a significant partner or a director who involves in the management, nor being an employee, staff, a member, and a consultant who receives regular salary, or holds more than 1 % of the total number of shares with the voting rights of a company that operates the business having the same nature and significantly competes with the businesses of the Company or its subsidiary.
- (I) Having no other conditions that may obstruct the independent expression of comment on the Company’s operation.
- (J) Independent director with qualifications complying with the criteria the above may be assigned by the Board of Directors to take part in the business decision of the Company, parent company, its subsidiary, associated companies, same-level its subsidiary, major shareholders or controlling person of the Company on the condition that such decision must be a collective decision.

Asides from the qualification of independent directors in clause (A) - (J), the Audit Committee must have additional qualification as follows:

- 1) Neither being committee assigned from the Board of Directors to make decision in running business of the Company, parent company, its subsidiary, associated companies, major shareholders, or controlling persons of the Company
- 2) Neither being committee of parent company, its subsidiary, same-level its subsidiary only the listed companies.
- 3) Have adequate knowledge and experience to work as Audit Committee.
- 4) Have duties as specified in SET's regulations about qualification and scope of operation of Audit Committee.

Duties and responsibility of the Audit Committee

- (1) Review financial report to ensure that it is accurate and reliable including adequate information revealing by coordinating with external auditor and the Executive Committee responsible for doing quarter and annual financial reports.
- (2) Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit and may propose to review or examine some necessary and important lists including introducing about resolving important internal control system and necessary to submit to the Board of Directors by reviewing with outside auditor and manager of internal system examination department.
- (3) Review the Company's compliance with the law on securities and exchange or the SET's regulations, policy, rule, regulation and other laws related to the Company's business.
- (4) Consider, select and nominate an independent person to be the Company's auditor and to propose such person's compensation, as well as to attend a non-management meeting with an auditor at least once a year.
- (5) Review plan of Company's internal examination by using methods and accepted standard.
- (6) Review the connected transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the SET's regulations and are reasonable for the highest benefit of the Company.
- (7) Review risk management system of the Company to be suitable and effective.
- (8) Report Audit Committee's performance to the Board of Directors at least 4 times per year.
- (9) Prepare, and disclose in the Company's annual report, an Audit Committee's report which will be signed by the Audit Committee's Chairman and consist of at least the following information;
 - (A) An opinion on the accuracy, completeness and creditability of the Company's financial report.
 - (B) An opinion on the adequacy of the Company's internal control system.
 - (C) An opinion on the compliance with the law on securities and exchange, the SET's regulations, or the laws related to the Company's business.
 - (D) An opinion on the suitability of an auditor.
 - (E) An opinion on the transactions that may lead to conflicts of interests.
 - (F) The number of the Audit Committee meetings, and the attendance of such meetings by each Audit Committee member.
 - (G) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
 - (H) Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities

assigned by the Company's Board of Directors.

- (10) Give opinion in considering appointing, depriving and evaluating performance of the staff in internal examination department.
- (11) The Audit Committee has authority to invite executive managing department or related staff to share opinion, attend meeting or send related and necessary documents.
- (12) Have authority to employ consultant or outsource person according to the regulation of the Company to give opinion or consult if necessary.
- (13) The Audit Committee must evaluate performance by themselves and report results with problems in working that may be causes they can't achieve objectives in setting Audit Committee to the Board of Directors every year.
- (14) Revise and adjust charter of the Audit Committee.
- (15) Work other jobs the Board of Directors assigns in the scope of duties and responsibilities of Audit Committee.

Terms for holding office of the Audit Committee

- (1) The Audit Committee will hold a position for 3 years. One year period is from the date of shareholder's ordinary meeting that the Audit Committee is nominated to the date of shareholder's ordinary meeting in next year. The committee who vacate could be re-elected. Besides retiring by rotation, the committee must retire when;
 - (A) Die
 - (B) Resign
 - (C) Be lack of qualification of Audit Committee according to charter or regulation of SET
 - (D) Terminate from being the Company's committee
- (2) The Audit Committee who wants to resign must submit letter of resignation to the Chairman of the Board of Directors in advance at least 1 month with reason and the Board of Directors must be persons who approve. The Company will inform SET to know with copy of letter of resignation. In case that all Audit Committee retire, the retired Audit Committee must act for original positions until new Audit Committee will be in position.
- (3) In case that Audit Committee position vacates because other reasons except retire by rotation. The Company's Board of Directors must appoint person with complete qualification to be new Audit Committee within 90 days to fulfill the amount of the Audit Committee completely as the Company's Board of Directors specified and replaced person must be in position only in the left period of the old Audit Committee has.

2.2 Executive Committee

As of 31 December 2019, the Executive Committee consists of 7 Directors as follows;

No.	Name	Position
1.	Mr. Taksin Tantipijit	Chairman of the Executive Committee
2.	Mr. Monnarit Tharapongsawas	Executive Committee
3.	Miss Suwanee Chenchitkhachorn	Executive Committee
4.	Mr. Boonlert Santiworanart	Executive Committee
5.	Mr. Prapan Chitrchaoenchai	Executive Committee
6.	Miss Khanita Khetarun	Executive Committee
7.	Miss Pen Yodkliang	Executive Committee

Duties and Responsibilities of the Executive Committee

- (1) Control managing of the Company following policy set by the Board of Directors and report performance to the Board of Directors. To run the Executive Committee's meeting, it must have committee to join not less than a half of Executive Committee and resolution of the Executive Committee must be voted by majority of the meeting.
- (2) Consider annual budget and steps of budget expense to propose to the Company's Board of Directors and control budget according to budget approved by the Company's Board of Directors.
- (3) Consider to adjust Company's business plan appropriately for Company's benefits.
- (4) Consider to approve investment and set investment budget according to the authority in manual of authority.
- (5) Consider doing contract binding company as authority in manual of authority.
- (6) Be responsible to provide key information of company adequately to use in making decision of the Company's Board of Directors, shareholders including doing reliable financial report according to good standard and transparency.
- (7) Consider profit and loss of the Company and propose annual dividend to the Company's Board of Directors.
- (8) Consider to start new business or cancel business for submitting to the Company's Board of Directors.
- (9) Control to provide steps for operator to report event or unusual performance or illegal action to the Executive Committee promptly and in case that event has significant impact that must be reported to the Board of Directors to resolve in reasonable time.
- (10) Do something for supporting above performance or following Board of Directors' opinion or following authority assigned from the Board of Directors.
- (11) Some cases that are proposed to the meeting of Executive Committee and get resolutions and/or approval from the Executive Committee must be reported to the Executive Committee in the next meeting of the meeting of the Board of Directors. However, the Executive Committee can't approve transactions that he or person who may have conflict has gain and loss or has conflict of interest in other characters with the Company and its subsidiary.

Terms for holding office of the Executive Committee

The Executive Committee will hold a position for 3 years and hold by rotation of being committee and/or holding a position of company executive. The committee who vacate could be re-elected.

2.3 Risk Management Committee

As of December 31, 2019, the Risk Management Committee consists of 5 members as follows:

No.	Name	Position
1.	Mr.Taksin Tantipijit	Chairman of the Risk Management Committee
2.	Mr. Monnarit Tharapongsawas	Risk Management Committee
3.	Miss Suwanee Chenchitkhachorn	Risk Management Committee
4.	Mr.Boonlert Santiworanart	Risk Management Committee
5.	Mr. Prapan Chitcharoenchai	Risk Management Committee

Duties and Responsibilities of the Risk Management Committee

- (1) Set and revise policy and frame of organization's risk management.
- (2) Control and support to perform about organization's risk management consistent with strategy and business aim including changing situation.
- (3) Consider to report result of organization's risk management and give opinion about risk that could be occurred including methods to set control measure or relief and develop organization's risk management system effective continually.
- (4) Report result of organization's risk management to the committee to know and in case there are key factors or events that could affect to the Company significantly, they must be report to the Board of Directors to know and consider fastest.
- (5) Join meeting of Risk Management Committee at least 1 time per 3 months.
- (6) Perform other duties as the Board of Directors assign.

Terms for holding office of the Risk Management Committee

The Risk Management Committee will hold a position for 3years and hold by rotation of being committee and/or holding a position of company executive. The committee who vacate could be re-elected.

2.4 Nomination and Remuneration Committee

As of December 31, 2019, the Nomination and Remuneration Committee consists of 3 members as follows:

No.	Name	Position
1.	Mr.Sirichai Towiriyawate	Chairman of the Nomination and Remuneration Committee
2.	Mr.Pornsak Limboonyaprasert	Nomination and Remuneration Committee
3.	Mr.Taksin Tantipijit	Nomination and Remuneration Committee

Duties and Responsibilities of the Nomination and Remuneration Committee

- (1) Select person deserved to propose as new committee or nomination managing director by setting regulations or nomination methods and select with criteria and transparency to propose to the meeting of the Board of Directors and/or the meeting of shareholders to approve.
- (2) Consider methods/set remuneration to the committee and managing director by providing criteria or methods to set fair and reasonable remuneration to propose to the Board of Directors and/or the meeting of the shareholders to approve.
- (3) Perform other duties as the Board of Directors assign.

The Nomination and Remuneration Committee has responsible for the Board of Directors directly following duties and responsibilities assigned and the Board of Directors still have responsible for performance of the Company to outsider.

Nomination of the Committee and the Executive Committee

The Company has nomination committee peculiarly by the committee would consider to select person to be nominated as committee or Executive Committee of the Company and will be person with complete qualification following Section 68 of Public Limited Companies Act B.E.2535 and announcement of the Capital Market Supervisory Board announcement no. ThorJor.39/2559 in case of asking permission and allow to sell new release stock dated on 30 September 2016.

Composition and Nomination of the Board of Directors

- (1) The Board of Directors must comprise not less than 5 committee and committee not less than a half of all committee must live in Kingdom of Thailand.
- (2) The Board of Directors comprises Executive Committee, committee who isn't executive and independent director at least one-third and not less than 3 directors. The qualification of independent director must be following standard of SET.
- (3) The Board of Directors selects one director from the board to be the Chairman of the Board of Directors. In case that the Board of Directors views as proper, the board could select one or several directors to be Vice- Chairman. Vice- Chairman has duty as specified in regulations of the business that is assigned by Chairman.
- (4) The Board of Directors selects one person to be the secretary of the Board of Directors and he/she could be/not to be director as well.

Composition and Nomination of the Audit Committee

- (1) The Audit Committee must comprise independent directors not more than 3 directors.
- (2) The Audit Committee has suitable skills following mission assigns. At least 1 Director must have knowledge, understanding or experience about accounting and finance.
- (3) The Board of Directors must select and nominate one Audit Committee to be Chairman of the Audit Committee.
- (4) The manager of internal examination department must be secretary of the Audit Committee by position. If there is no manager of internal examination department, the Audit Committee must select one person to work as secretary of the Audit Committee.

Composition and Nomination of the Risk Management Committee

- (1) The Risk Management Committee must be nominated by the Board of Directors and the Risk Management Committee comprises the Board of Directors and/or the Executive Committee not less than 3 persons and the Board of Directors will nominate one of the Risk Management Committee to be the Chairman of the Risk Management Committee.
- (2) The Risk Management Committee must understand business and has direct experience in business to set policy of risk management to cover organization including control to have system or procedure to manage risk management to reduce effect to Company's business properly.
- (3) The Risk Management Committee must appoint secretary, the Risk Management Committee to be the chief of business support line or person that the Risk Management Committee considers he/she deems to be. This person must support and help the performance of the Risk Management Committee including preparation for meeting's agenda, noting the meeting report of the Risk Management Committee.

Composition and Nomination of the Nomination and Remuneration Committee

- (1) The Nomination and Remuneration Committee comprises Company's committee at least 3 persons and at least 1 person is the independent director and Chairman of the Nomination and Remuneration Committee should be independent director.
- (2) The Nomination and Remuneration Committee will hold the positions for 3 years. The committee who vacates by rotation could be re-nominated by the Board of Directors as well.

- (3) In case that the Nomination and Remuneration Committee position vacates because other reasons except retire by rotation as clause (2) such as deprivation from being the Board of Directors, resignation or being withdrawn, the Company's Board of Directors must appoint person with complete qualification to be new Nomination and Remuneration Committee to fulfill the amount of the Nomination and Remuneration Committee completely as specified in charter and replaced person must be in position only in the left period of the old Nomination and Remuneration Committee has.

Composition and Nomination of the Executive Committee

- (1) Be nominated from the Board of Directors
- (2) Comprise Company's committee that is executives or staffs in administrative level not less than 3 persons to be the Executive Committee.

Nomination of the Managing Director

Managing director nominates from nomination of the Board of Directors by selecting from person name listed to be Executive Committee during selection and proposing the Board of Directors to approve.

3. Supervision of Subsidiary

The Board of Directors sets mechanism to control subsidiary to maintain benefits from Company's capital by sending person as Company's representative to be committee, Executive Committee and controlling person in subsidiary including setting scope of duties and responsibilities to be way in management and setting control mechanism via disclosing financial report and connected transactions with those subsidiary by using regulations related to information disclosure and doing transaction following criteria and regulations of related organizations. Moreover, there is follow up to evaluate and examine concisely via adequate and suitable internal control system to run business of subsidiary for Company's highest benefits.

4. Supervision of the use of Internal Information

At the meeting of the Board of Directors No.1/2016 (First meeting after Registering for Transformation) on August 11, 2016, the meeting had resolution of using Company's internal information following good corporate governance as follows:

- (1) Committee, executive, staff and employee of the Company must perform as follows;
 - A. Must keep secret and / or Company's internal information.
 - B. Must not disclose secret and / or Company's internal information or seek benefits of oneself or benefits of other person directly and indirectly and whether or not to get compensation as well.
 - C. Must don't do any transactions, transferring or receiving transfer Company's assets by using secret and / or Company's internal information and/or doing any juristic act by using secret and / or Company's internal information that could cause damage to the Company directly and indirectly.

In order that committee, executive, staff and employee of the Company that know about Company's internal information should be avoid or don't do any transactions about Company's assets for 1 month before disclosing financial statement to public and

24 hours after disclosing financial statement or key information to public and these regulations including spouse and immature children of the committee, executive, staff and employee of the Company. Person who violates these regulations will be considered as committing the offence seriously.

- (2) The committee and the executives including Company's auditor must report of change in holding assets of company of themselves and related person to the Securities and Exchange Commission according to Section 59.
- (3) The Company has announced for "Regulations of Using Company's Internal Information" to let the executives and the staffs to know thoroughly.

5. Audit Fee

The Company paid the Audit fee and / or review financial statements to the Auditors as follows:

1. Reviews and Audit Fee

		Year 2018	Year 2019
1.	Annual audit fee Baht	875,000.00	875,000.00
2.	Interim Financial Review audit fee Baht	525,000.00	525,000.00
Total		1,400,000.00	1,400,000.00

2. Other Non-Audit Fee

-None-

The Company's Board of Directors, the Management team, and Controlling person

1. As of December 31, 2019, the **Board of Directors** consists of 7 members as follows:

1.1 Mr. Pornsak Limboonyaprasert

Current Position	: Chairman / Chairman of Audit Committee / Audit Committee / Independent Director / Nomination and Remuneration Committee
Age	: 62 years old
Date of Appointment	: August 11, 2016
Education	: Bachelor's degree from Faculty Commerce and Accountancy, Chulalongkorn University
Training / Seminar History	: Director Accreditation Program (DAP) Batch 76/2008, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: None
Position in Other Business;	
▪ Listed Company	: None
▪ Non-Listed Company	: 2017 - Present : Lay Judge, The Central Intellectual Property and International Trade Court : 2013 - Present : Director, PSL and Sons Part., Ltd. : 2005 - Present : Director, Organic Agro Management Co., Ltd.
Attending the 2019 Annual meeting	: Board of Director 5 times from 5times : Audit Committee 5 times from 5 times : Nomination and Remuneration Committee 1 time from 1 time

Family relationship between Directors and executives : None

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty: None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

1.2 Mr. Taksin Tantipijit

Current Position	: Vice Chairman / Director / Executive Committee / Nomination and Remuneration Committee / Risk Management Committee / Managing Director / Authorized Director
Age	: 56 years old
Date of Appointment	: August 11, 2016
Education	: Master of Business Administration, Thammasat University : Bachelor's degree of Engineering, Chulalongkorn University
Training / Seminar History	: Director Accreditation Program (DAP) Batch 127/2016, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: 38.41%
Position in Other Business;	
▪ Listed Company	: None
▪ Non-Listed Company	: August 2019 - Present : Director, Safety Online Co.,Ltd. : 2014 - Present : Director, Safety Factory Co.,Ltd. : 2009 - Present : Director, Econlite Manufacturing (Thailand) Co.,Ltd. : 2007 - Present : Director, Fire Inspector Co.,Ltd. : 2007 - Present : Director, S.I. Firetrade Co.,Ltd.
Attending the 2019 Annual meeting	: Board of Director 5 times from 5times : Nomination and Remuneration Committee 1 time from 1 time
Family relationship between directors and executives	: Spouse of Mrs. Pattamaporn Tantipijit
Forbidden properties;	
• History of criminal offenses in relation to property committed in dishonesty	: None
• Transaction history that may cause conflicts of interest with the Company in the past year	: None

1.3 Mr. Sirichai Towiriyawate

Current Position	: Director / Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee
Age	: 56 years old
Date of Appointment	: August 11, 2016
Education	: Master of Business Administration, University of Florida, USA. : Bachelor's degree of Engineering, Chulalongkorn University
Training / Seminar History	: Director Accreditation Program (DAP), Batch 79/2009, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: None
Position in Other Business;	
▪ Listed Company	: 2015 - Present : Director and Chairman of the Audit Committee, Sahakol Equipment PLC
▪ Non-Listed Company	: 2015 - Present : Director, Convergence System Co.,Ltd. : 2014 - Present : Director, PNP Hospital Co.,Ltd.
Attending the 2019 Annual Meeting	: Board of Director 5 times from 5 times : Audit Committee 5 times from 5 times : Nomination and Remuneration Committee 1 time from 1 time
Family relationship between Directors and executives	: None
Forbidden properties;	
• History of criminal offenses in relation to property committed in dishonesty	: None
• Transaction history that may cause conflicts of interest with the Company in the past year	: None

1.4 Mr. Worapon Lopansri

Current Position	: Director / Independent Director / Audit Committee
Age	: 55 years old
Date of Appointment	: August 11, 2016
Education	: Master's degree from Faculty of Commerce and Accountancy, Thammasat University : Bachelor's degree from Faculty of Commerce and Accountancy, Thammasat University
Training / Seminar History	: Director Accreditation Program (DAP), Batch 77/2009, Thai Institute of Directors (IOD) : Director Certification Program (DCP) Batch 167/2012, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: None
Position in Other Business;	
▪ Listed Company	: 2014 - Present Independent Director / Audit Committee, S. Khonkaen Foods Public Company Limited
▪ Non-Listed Company	: 2005 - Present Head of Internal Audit, MSIG Insurance (Thailand) Public Company Limited
Attending the 2019 Annual Meeting	: Board of Director 5 times from 5 times : Audit Committee 5 times from 5 times
Family relationship between Directors and executives	: None
Forbidden properties;	
• History of criminal offenses in relation to property committed in dishonesty	: None
• Transaction history that may cause conflicts of interest with the Company in the past year	: None

1.5 Mrs. Pattamaporn Tantipijit

Current Position	: Director / Authorized Director
Age	: 56 years old
Date of Appointment	: August 11, 2016
Education	: Bachelor's degree of Law, Chulalongkorn University
Training / Seminar History	: Director Accreditation Program (DAP) Batch 127/2016, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: 7.82%
Position in Other Business;	
▪ Listed Company	: None
▪ Non-Listed Company	: 2017- Present Director, Fire Inspector Co.,Ltd.
Attending the 2019 Annual meeting	: Board of Director 4 times from 5 times
Family relationship between Directors and executives	: Spouse of Mr. Taksin Tantipijit
Forbidden properties;	
• History of criminal offenses in relation to property committed in dishonesty	: None
• Transaction history that may cause conflicts of interest with the Company in the past year	: None

1.6 Miss Suwanee Chenchitkhachorn

Current Position	: Director / Executive Committee / Risk Management Committee / Authorized Director / Chief Financial Officer
Age	: 51 years old
Date of Appointment	: August 11, 2016
Education	: Master of Business Administration, Accounting, Chulalongkorn University : Bachelor's degree of Business Administration, Accounting, Ramkhamhaeng University
Training / Seminar History	: Director Accreditation Program (DAP) Batch 127/2016, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: <0.02%
Position in Other Business;	
▪ Listed Company	: None
▪ Non-Listed Company	: None
Attending the 2019 Annual meeting	: Board of Director 5 times from 5 times
Family relationship between Directors and executives	: None
Forbidden properties;	
• History of criminal offenses in relation to property committed in dishonesty	: None
• Transaction history that may cause conflicts of interest with the Company in the past year	: None

1.7 Miss Pen Yodkliang

Current Position	: Director / Executive Committee / Authorized Director / Accounting Manager
Age	: 42 years old
Date of Appointment	: August 11, 2016
Education	: Bachelor's degree of Business Administration, Accounting, Ramkhamhaeng University
Training / Seminar History	: Director Accreditation Program (DAP) Batch 127/2016, Thai Institute of Directors (IOD)
Shareholding Proportion of the Company	: <0.02%
Position in Other Business;	
▪ Listed Company	: None
▪ Non-Listed Company	: 2017- Present Director, Fire Inspector Co.,Ltd.
Attending the 2019 Annual meeting	: Board of Director 5 times from 5 times
Family relationship between Directors and executives	: None
Forbidden properties;	
• History of criminal offenses in relation to property committed in dishonesty	: None
• Transaction history that may cause conflicts of interest with the Company in the past year	: None

2. As of December 31, 2019, the **Management team** consists of 6 members as follows:

2.1 Mr. Monnarit Tharapongsawas

Current Position	: Executive Committee / Risk Management Committee / Chief Operating Officer
Age	: 44 years old
Education	: Master's Degree Faculty of Commerce and Accountancy Chulalongkorn University : Bachelor's Degree Faculty of Engineering Chulalongkorn University
Shareholding Proportion of the Company	: None

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty : None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

2.2 Mr. Boonlert Santiworanart

Current Position	: Executive Committee / Risk Management Committee / Sale Manager of Fire Protection System
Age	: 56 years old
Education	: MBA Marketing Management, NIDA : Bachelor's Degree Faculty of Engineering King Mongkut's Institute of Technology Thonburi
Shareholding Proportion of the Company	: <0.01%

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty : None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

2.3 Mr. Prapan Chitrcharoenchai

Current Position	: Executive Committee / Risk Management Committee / Sale Manager of Fire Protection Equipment
Age	: 43 years old
Education	: Bachelor's Degree Faculty of Engineering Kasetsart University
Shareholding Proportion of the Company	: None

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty : None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

2.4 Miss Khanita Khetarun

Current Position	: Executive Committee / Human Resource and Administrative Manager
Age	: 37 years old
Education	: Bachelor's Degree Faculty of Political Science, Public Administration, Ramkhamhaeng University
Shareholding Proportion of the Company	: None

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty : None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

2.5 Miss Nathira Cheewasutho

Current Position	: Purchasing Manager
Age	: 45 years old
Education	: Bachelor's Degree Faculty of Humanities English Program, Srinakharinwirot University
Shareholding Proportion of the Company	: <0.01%

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty : None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

2.6 Mrs. Srisurat Sivanart

Current Position	: Warehouse and Transportation Manager
Age	: 41 years old
Education	: High Vocational Certificate of Business computer, Bangkok Business College
Shareholding Proportion of the Company	: <0.01%

Forbidden properties;

- History of criminal offenses in relation to property committed in dishonesty : None
- Transaction history that may cause conflicts of interest with the Company in the past year : None

Corporate Social Responsibility

1. Overall Policy

The Company focuses on performance under ethical framework and good corporate governance, having transparency and verifiable following methods of social responsibilities of company specified by SET that are 8 principles such as: operation with fairness, anti-corruption, respect for human rights, fair treatment to labor, responsibilities for consumer, taking care for environment, community development, providing innovation and publicizing innovation from social, environmental and stakeholder responsibility operation.

2. Practices and Reporting

The Company has set social responsibilities, environment and stakeholder as details as follows:

(1) Fair Business Practices

- 1.1 The Company intends to operate business with honesty and runs business with social responsibilities both law, code of conduct and intends to make merit to person, community, society and environment and runs business by having standard of operation and good control with using ability with carefulness, adequate information and having referable evidences including performing following law and related regulations strictly.
- 1.2 Serving for the customer: the Company will serve for trade partner fairly, not call for or receive any unjust benefits. If the Company can't follow any conditions, please inform the trade partners in advance to find problem solving together.
- 1.3 Serving for the trade competitor: the Company will serve for trade competitor within regulation framework of good competition and not search for confidential information of the trade competitor with unfair methods.

(2) Anti-Corruption

- 2.1 Not to propose compensation, pay bribe, call for or agree or receive bribe from others or other organizations directly or indirectly to have compensation that are benefits for each other or hope for benefits related to Company's works.
- 2.2 Not to do improperly transaction related to government officer, person or other organization directly or indirectly.
- 2.3 Not to donate or pay some money to facilitate or give some supporting money to any person or organization for being channel to pay bribe.
- 2.4 Not to support money or other benefits directly or indirectly to political parties, political group to receive benefits in running business or benefits of themselves or their relatives.
- 2.5 The Company has been certified as a member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) from Thai Institute of Directors held on August 5, 2019, in the second quarter of 2019.

(3) Respect for Human Rights

The Company realizes to respect for lives and human dignity of everyone so it provides methods to support and urge staffs to act following basic principles of the human rights that everyone has equal right regardless differences of gender, race, religion, skin color, position, political belief and other belief. The Company focuses on respect for human rights of every committee and staffs in organizations and gives staffs a chance to show their opinions and complains about individual piracy.

(4) Fair Treatment of Labor

The Company sets method of treatment to staff by the Executive Committee must treat to labor fairly, manage works without bias, support creating potential of progress and increase staff's effectiveness of working, provide welfare to staff suitably, serve staff frankly, listen to opinion and recommendation reasonably. Moreover, the Company provides channel to get recommendation or complaints from the staffs and provides steps and procedures of considering complaints fairly.

(5) Responsibility to consumer

The Company assigns the Executive Committee and staff of the Company to treat customers as ethical-business regulations set strictly, takes care and be responsible for customers in the aspects of product quality and good service with standard, keeps secret of the customers, focuses on fair and equal price setting under Company's policy of price setting.

(6) Environmental Protection

The Company sets methods to take care for environment inside office and warehouse including focuses on and be responsible to community near the Company, runs business carefully and must not affect to nearby community's environment.

(7) Community Development

The Company will act or control to have act following law and related regulations and social responsibility including cooperating, helping, supporting and volunteering to do beneficial activities for community and society both in nearby communities and other communities.

(8) Creation and Promotion of Innovation Deriving from Operations with Society, Environment and Stakeholder Responsibility

The Company will support to provide innovation both in level of working procedure in organization and level of cooperation between organization that means doing things with new methods and also means changing in thought and manufacturing to increase value. Target of innovation is positive changing to make things better and causes increasing products to create highest benefits to society.

3. Corporate Social Responsibility Activities

In addition to business growth, the Company also recognizes the importance of social and environmental as well. There will be activities for society and the environment continues. All employees of the Company which cooperated very well always. For the year 2019, the Company has activities the following;

1. Donate money to the House of Grace Child Foundation at Chanthaburi province.



2. Donate equipment and sports equipment in activity " Un Nee ... Pee Hai Nong 1st" at Chiang Rai Province, which the utensils were distributed to the children underprivileged in various areas Of Chiang Rai Province.



Internal Control and Risk Management

Conclusion Opinion of the Board of Directors about Internal Control

At the meeting of the Board of Directors No.1/2020 on March 1, 2020, consisted of 3 Audit Committee members to join the meeting and the Board of Directors had evaluated and considered adequacy of Company's internal control system according to the evaluation form of adequacy of internal control system of the Securities and Exchange Commission by asking information from 5 aspects of the executive department: 1) Organization and environment aspect 2) Risk management aspect 3) Performance control of the executive department aspect 4) Information and communication aspect and 5) Monitoring system aspect.

The Board of Directors had opinion that the Company had adequate internal control system and suitable for running business as well and the independent directors and Audit Committee had the same opinion with the Board of Directors. The Company followed accepted accounting standard of the Securities and Exchange Commission and regulations of SET including having internal control system of transaction with major shareholders, committee, Executive Committee or related person appropriately and adequately. Preceding the Company considered to approve related transaction under considering of highest benefits of the Company. Moreover, the Company also set policy to increase carefulness in doing that transaction by considering approving future transaction from non-stakeholder only. However, the Board of Directors focused on controlling organization to be listed company with Good Corporate Governance truly.

Related-Party Transactions

1. Necessity and reasonableness of related party transactions

The Company and its subsidiary has entered into transactions with parties with potential conflicts of interest and related parties which have common shareholders or common directors or have related parties of executives, directors and shareholders of the Company as their directors, persons with controlling interest or shareholders.

In this regard, the Audit Committee conducted audits and reviewed the appropriateness and reasonableness of these transactions, including their pricing and conditions which should be on an arm's length basis.

2. Related-Party Transaction Approval and Procedure

The meeting of the Board of Directors No.1/2016 (First meeting after Registering for Transformation) on August 11, 2016, resolved to establish a policy and process for approving related party transactions between the Company and individuals who have or may have conflict of interest on or beneficial interest in the transaction.

For transactions between the Company and its subsidiary or related parties or parties with potential conflicts of interest at present or in the future, if such transactions have the same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances through a commercial negotiation that is not influenced by the status as a director, an executive or a related party, are based on an arm's length principle or the market price, are governed by reasonable conditions, are verifiable, and do not give rise to expropriation; the Company's management shall have the authority and power to execute such transactions as normal in accordance with the principles approved by the Board. A summary report on such transactions shall be prepared and submitted to the Audit Committee on a quarterly basis.

For related-party transactions that are not ordinary transactions, the Company will solicit the Audit Committee's opinions on the necessity and reasonableness of such transactions. If the related party transactions are outside the Audit Committee's areas of expertise, the Company will engage independent appraisers, independent experts or auditors in reviewing such transactions and share their opinions with the Audit Committee in order that the Audit Committee can make decisions or issue recommendations to the Board or the shareholders, as applicable, to support their decision-making on the transactions. The Company discloses information about related party transactions in the notes to the audited financial statements and discloses the related party transactions in the annual registration statement (Form 56-1) and the annual report (form 56-2) of the Company in accordance with the rules and the securities and exchange laws. Procedures applicable to the approval of related-party transactions must be in compliance with the securities and exchange laws, including regulations, notifications, orders or requirements of the Stock Exchange of Thailand and persons with potential conflicts of interest in such transactions are not entitled to vote on such transactions.

The Company will adopt the policy of entering into the connected transaction of the Company with the person or company concerned. As well the Company has Acquisition and Disposition of Assets in writing and in accordance with the Notification of the Capital Market Supervisory Board and the rules set by the Securities and Exchange Commission and the Stock Exchange of Thailand. Let the staff know in general.

3. Approved Principle governing Transactions with Arm's Length Commercial Terms between the Company and Director, Executive or Related Party

If it becomes necessary for the Company to enter into related party transactions with persons with potential conflicts of interest in the future, the Company will apply arm's length conditions and comparable market rates by referring to conditions and prices of transactions that the Company has made with third parties operating the same business. The Company will request the Audit Committee to render opinions on the prices, fees, necessity and reasonableness of the related party transactions. If the related party transactions are outside the Audit Committee's areas of expertise, the Company will engage independent appraisers, independent experts or auditors in reviewing such transactions and share their opinions with the Audit Committee in order that the Audit Committee can make decisions or issue recommendations to the Board or the shareholders, as applicable, to support their decision-making on the transactions. The Company discloses information about related-party transactions in the notes to the audited financial statements and discloses related party transactions in the annual registration statement (Form 56-1) and the annual report (form 56-2) of the Company in accordance with the rules and the securities and exchange laws, including regulations, notifications, orders or requirements of the Stock Exchange of Thailand.

Directors must handle related-party transactions that may arise in the future in accordance with established regulations. Directors shall not be involved in any transactions that they or their related parties may have conflict of interest and shall report their conflicts of interest to the Board. The Company must strictly comply with the securities and exchange laws, the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, the requirements governing the disclosure of related party transactions and the acquisition or disposal of the assets of the Company and its subsidiary, including the accounting standards stipulated by the Federation of Accounting Professions. The Company shall refrain from related-party transactions that are not in the Company's ordinary course of business.

4. Investor Protection

To protect investors, if related party transactions between the Company and parties with potential conflicts of interest arise in the future, the Company will present such transactions to the Board meeting with the presence of Audit Committee members to ensure that the transactions are fair and appropriately priced. The Board is mandated to perform its duties in accordance with the securities and exchange laws, the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, and the requirements governing the disclosure of related-party transactions and the acquisition or disposal of the assets of listed companies. The Company disclose the related party transactions made by the Company in the Notes to Financial Statements audited by the Company's auditor.

Report of the Audit Committee for the year 2019

Dear Shareholders

The Audit Committee of Firetrade Engineering Public Company Limited consists of 3 independent expert members, namely Mr. Pornsak Limboonyaprasert, the Chairman of the Audit Committee, Mr. Sirichai Towiriyawate and Mr. Worapol Lopansri, the audit committees, all 3 of whom are experts in accounting, finance, management, including inspection and strictly perform duties as specified in the charter. For the year 2019, the Audit Committee held 5 meetings and for one of these meetings, the Audit Committee had a meeting with the auditor without the attendance of the managing department. All Audit Committee attended every meeting. The main summary of the meeting in the year 2019 is as follows;

1. The Audit Committee has reviewed the quarterly financial statements and the 2019 annual financial statements of the Company to ensure that the Company's financial reports have been prepared correctly according to the accounting standards in use including passing the examination of the auditor before proposing to the Board of Directors for approval.
2. The Audit Committee has reviewed the internal control system that the internal auditor reports every quarter; it is found that it is sufficient and suitable for the current business of the Company.
3. The Audit Committee has reviewed the compliance with the Securities and Exchange Act including the regulations of the Stock Exchange of Thailand and related other laws including compliance with various requirements of the Company.
4. Audit Committee has reviewed the related transaction or the transaction that may have a conflict of interest to be following the laws and regulations of the Stock Exchange of Thailand as well as the disclosure of company information in such matters to be accurate and complete. This is to ensure that the aforementioned transaction is reasonable following normal business operations and general trading conditions under the policy set by the Company.
5. The Audit Committee has reviewed the Company to have an appropriate and effective risk management system, including guidelines for preventing corruption within the organization and with outsiders. The Company has signed to show the intention as Collective Action Coalition against Corruption (CAC) by the Company has been certified as a member of the CAC on 5 August 2019.
6. The Audit Committee has considered and proposed the appointment of the auditors and the remuneration of the auditors for the year 2019 for submission to the Board of Directors to present to the shareholders' meeting. The Audit Committee has considered and proposed to appoint: Mr. Prawit Wiwanthananut Certified Public Auditor No. 4917 or Mr. Terdthong Thepmongkorn Certified Public Auditor No. 3787 or Mr. Udom Thanuratpong Certified Public Auditor No. 8501 or Ms. Chutima Wongsaraphanchai Certified Public Auditor No. 9622 From PV Audit Company Limited or other auditors from PV Audit Company Limited or other auditors within the same office are signatures in the audit and review reports, with determining the audit fee for the Company for the year 2019 is in the amount of Bath 1,400,000 (One Million Forty Thousand Baht Only). The audit committee has an opinion about the nomination of auditors from PV Audit Company Limited that has the auditors complied with the auditing standards, they have appropriate independence, knowledge, ability, and experience.

In summary, the Audit Committee performed its duties completely following the duties and responsibilities approved by the Board of Directors. The Audit Committee has an opinion that the Company reports financial information and operations correctly, has an internal control and internal audit system, sufficient and effective risk management, legal compliance, various specifications including the disclosure of related transactions correctly and has adequate operations following good corporate governance as well.



Mr. Pornsak Limboonyaprasert

Chairman of the Audit Committee

Report of Nomination and Remuneration Committee for the year 2019

Dear Shareholders

The Nomination and Remuneration Committee of Firetrade Engineering Public Company Limited consists of an independent committee and executives. Among these are 2 in 3 independent directors, namely:

1. Mr. Sirichai Towiriyawate Chairman of the Nomination and Remuneration Committee
2. Mr. Pornsak Limboonyaprasert Nomination and Remuneration Committee
3. Mr. Taksin Tantipijit Nomination and Remuneration Committee

In the year 2019, the Nomination and Remuneration Committee held 1 meeting to consider various matters as follows;

1. To consider to nominate and present the list of candidates suitable for the position of company directors in place of the directors who their terms expire to propose to the Board of Directors for approval and propose to the General Meeting of shareholders to consider to appoint as the directors.
2. To consider the annual remuneration for the Board of Directors and sub-committees to propose to the meeting of the Board of Directors for approval and propose for approval from the Annual General Meeting of shareholders for the year 2020 by considering from the Company's performance mainly including economic conditions.
3. To consider the remuneration of the managing director to propose to the meeting of the Board of Directors for approval.

The Nomination and Remuneration Committee has performed duties as assigned with honesty, prudence, and transparency by taking into account the highest interests of the Company and all stakeholders as well.



Mr. Sirichai Towiriyawate

Chairman of the Nomination and Remuneration Committee

Financial Position and Operating Result

(Unit : In Million Baht)

Summarize statements of financial position	Consolidated financial statements		Consolidated financial statements		Consolidated financial statements	
	"Audited"		"Audited"		"Audited"	
	2017	%	2018	%	2019	%
Cash and cash equivalents	310.80	35.28%	272.75	29.82%	116.49	12.47%
Trade and other receivables	220.79	25.07%	255.67	27.95%	203.30	21.76%
Unbilled receivables	59.15	6.72%	79.17	8.66%	113.00	12.10%
Inventories	251.39	28.54%	264.88	28.96%	311.28	33.32%
Other current assets	0.78	0.09%	1.85	0.20%	2.70	0.29%
Total Current Assets	842.91	95.70%	874.32	95.59%	746.77	79.94%
Deposits at financial institutions under pledge	4.46	0.51%	4.40	0.48%	4.30	0.46%
Investment properties	3.91	0.44%	3.91	0.43%	3.91	0.42%
Land and equipment	11.42	1.30%	9.15	1.00%	137.56	14.73%
Intangible assets	4.17	0.47%	3.73	0.41%	14.42	1.54%
Deferred tax assets	4.08	0.46%	4.90	0.53%	11.77	1.26%
Other non-current assets	9.87	1.12%	14.24	1.56%	15.37	1.65%
Total Non-Current Assets	37.91	4.30%	40.33	4.41%	187.33	20.06%
Total Assets	880.82	100.00%	914.65	100.00%	934.10	100.00%
Trade and other payables	108.35	12.30%	137.09	14.99%	166.34	17.81%
Income tax payable	10.25	1.16%	14.96	1.63%	9.10	0.97%
Other current liabilities	8.52	0.97%	5.64	0.62%	3.97	0.43%
Total Current Liabilities	127.12	14.43%	157.69	17.24%	179.41	19.21%
Employee benefit obligations	7.93	0.90%	10.37	1.13%	16.93	1.81%
Other non-current liabilities	2.87	0.33%	3.08	0.34%	3.20	0.34%
Total Non-Current Liabilities	10.80	1.23%	13.45	1.47%	20.13	2.15%
Total Liabilities	137.92	15.66%	171.14	18.71%	199.54	21.36%
Authorized share capital	300.00		300.00		300.00	
Issued and paid-up share capital	300.00	34.06%	300.00	32.80%	300.00	32.12%
Premium on share capital	346.48	39.34%	346.48	37.88%	346.48	37.09%
Surplus from business combination under common control	0.10	0.01%	0.10	0.01%	0.10	0.01%
Retained earnings						
Appropriated to legal reserve	16.70	1.89%	23.30	2.55%	28.70	3.07%
Unappropriated	79.62	9.04%	73.63	8.05%	59.28	6.35%
Total Shareholders' Equity	742.90	84.34%	743.51	81.29%	734.56	78.64%
Total Liabilities and Shareholders' Equity	880.82	100.00%	914.65	100.00%	934.10	100.00%

(Unit : In Million Baht)

Summarize statements of comprehensive income	Consolidated financial statements		Consolidated financial statements		Consolidated financial statements	
	"Audited"		"Audited"		"Audited"	
	2017	%	2018	%	2019	%
Revenues from sales	655.71	67.23%	653.89	64.21%	689.16	67.18%
Revenues from project works and services	319.62	32.77%	364.47	35.79%	336.70	32.82%
Revenues from sales and services	975.33	100.00%	1,018.36	100.00%	1,025.86	100.00%
Costs of sales of goods	474.58	48.66%	456.91	44.87%	489.49	47.72%
Costs of project works and services	241.24	24.73%	277.74	27.27%	263.70	25.71%
Costs of sales and services	715.82	73.39%	734.65	72.14%	753.19	73.42%
Gross profit	259.51	26.61%	283.71	27.86%	272.67	26.58%
Other income	11.41	1.16%	10.60	1.03%	12.44	1.20%
Profit before Expenses	270.92	27.46%	294.31	28.60%	285.11	27.46%
Distribution costs	63.67	6.45%	70.18	6.82%	76.58	7.38%
Administrative expenses	47.53	4.82%	61.07	5.94%	66.24	6.38%
Profit before finance costs and income tax	159.72	16.19%	163.06	15.85%	142.29	13.70%
Finance costs	1.55	0.16%	-	-	-	-
Profit before income tax	158.17	16.03%	163.06	15.85%	142.29	13.70%
Tax expense	27.52	2.79%	32.85	3.19%	27.69	2.67%
Profit for the year	130.65	13.24%	130.21	12.65%	114.60	11.04%

(Unit : In Million Baht)

Summarize statements of cash flows	Consolidated	Consolidated	Consolidated
	financial	financial	financial
	statements	statements	statements
	"Audited"	"Audited"	"Audited"
	2017	2018	2019
Cash flows from operating activities:			
Profit before income tax	158.17	163.06	142.29
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities			
Doubtful accounts (reversal)	(2.66)	3.32	0.70
Loss on devaluation of obsolete and slow-moving inventories (reversal)	0.24	(0.70)	3.49
Depreciation and amortization	3.94	3.37	3.56
(Gain) loss on disposal of assets	-	(0.39)	0.15
Unrealized gain on exchange rate	(0.15)	(0.58)	(0.13)
Unrealized (gain) loss on measurement fair value of derivatives	0.23	(0.16)	0.05
Employee benefit obligations	1.65	2.45	6.55
Interest income	(0.97)	(3.87)	(1.99)
Interest expense	1.55	-	-
Change in operating assets (increase) decrease			
Trade and other receivables	(38.07)	(39.35)	48.07
Unbilled receivables	(7.84)	(18.71)	(43.36)
Inventories	(61.91)	(12.80)	(49.88)
Other current assets	0.48	(1.05)	(0.86)
Deposits at financial institutions under pledge	0.04	0.07	0.10
Other non-current assets	7.74	(4.38)	(1.13)
Change in operating liabilities increase (decrease)			
Trade and other payables	13.70	29.32	15.05
Other current liabilities	3.85	(2.76)	(1.69)
Other non-current liabilities	2.87	0.21	0.12
Cash generated from operations	82.86	117.05	121.09
Income tax paid	(24.16)	(28.96)	(36.53)
Net cash provided by operating activities	58.70	88.09	84.56
Cash flows from investing activities:			
Purchases of land and equipment	(2.31)	(1.61)	(129.48)
Proceeds from sales of equipment	-	1.56	0.02
Purchases of intangible assets	(0.46)	(0.24)	(5.37)
Interest received	0.99	3.87	1.99
Net cash provided by (used in) investing activities	(1.78)	3.58	(132.84)
Cash flows from financing activities:			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(53.61)	-	-
Interest paid	(1.57)	-	-
Dividend paid	(123.90)	(129.72)	(107.98)
Proceeds from initial public offering	421.48	-	-
Net cash provided by (used in) financing activities	242.40	(129.72)	(107.98)
Net increase (decrease) in cash and cash equivalents	299.32	(38.05)	(156.26)
Cash and cash equivalents at beginning of the year	11.48	310.80	272.75
Cash and cash equivalents at end of the year	310.80	272.75	116.49

Management Discussion and Analysis

Operation Result Analysis

Total revenue

Total revenue in year 2017, 2018 and 2019 as Baht 986.74 million, Baht 1,028.96 million and Baht 1,038.30 million respectively. The revenues from sales and services in year 2017, 2018 and 2019 as Baht 975.33 million, Baht 1,018.36 million and Baht 1,025.86 million respectively. The compound average growth rates for 3 years were 2.56% per year.

Revenue from sales

The revenue from sales in year 2017, 2018 and 2019 as Baht 655.71 million, Baht 653.89 million and Baht 689.16 million respectively. It was 67.23%, 64.21% and 67.18% of total revenues from sales and services in each year respectively.

In year 2018, the revenue from sales was Baht 653.89 million or equivalent to 64.21% of total revenues from sales and services, decreased from the year 2017 equal to Baht 1.82 million or decreased 0.28%, because the customer group, project owners or end users buy less.

In year 2019, the revenue from sales was Baht 689.16 million or equivalent to 67.18% of total revenues from sales and services, increased from the year 2017 equal to Baht 35.27 million or increased 5.39%, due to the new customer base increasing.

Revenues from project works and services

Revenues from project works and services was divided into 2 types: 1) revenue from project works was from full range of fire protection installing services and 2) revenue from other services such as examining, repairing and maintaining fire protection system.

The revenue from project works and services in year 2017, 2018 and 2019 as Baht 319.62 million, Baht 364.47 million and Baht 336.70 million respectively. It was 32.77%, 35.79% and 32.82% of total revenues from sales and services in each year respectively. Increased and decreased change of revenue from project works and services depended on number of project works and value of installing fire protection system projects in each year.

In year 2018, the revenue from project works and services was Baht 364.47 million or 35.79% of revenue from project works and services, increased from year 2017 equal to Baht 44.85 million or increased 14.03%, due to more project work to installation continuous for the high voltage power station project of the Electricity Generating Authority of Thailand, such as the high voltage power station project of the Electricity Generating Authority of Thailand Chachoengsao, Loei, Mukdahan, Ubon Ratchathani, Khon Kaen, Chaiyaphum, Lamphun, Songkhla, Phatthalung and Phuket etc., there are also sugar factory projects and network operations center and data center. Revenues from project works and revenue from other services was 94.33% and 5.67% of total revenues from projects works and services, respectively.

In year 2019, the revenue from project works and services was Baht 336.70 million or 32.82% of revenue from project works and services, decreased from year 2018 equal to Baht 27.77 million or decreased 7.62%, because such income depends on value of fire fighting contractor projects each year and the progress of the installation of fire suppression systems. There is also a result of which the Company has adopted the new financial reporting standards were adopted in 2019. But during year the project work to installation continuous for the high voltage power station project of the Electricity Generating Authority of Thailand, such Chatuchak, Chachoengsao, Bang Pakong, Prachin Buri, Chum Phae, Lamphun, Phatthalung, Khlong Ngae and Phuket etc., there are also sugar factory projects, SRT (RED LINE) and the private sector, etc. Revenues from project works and revenue from other services was 93.95% and 6.05% of total revenues from projects works and services, respectively.

Other income

Other income comprised of gain and loss of exchange rates, interest getting from financial institutes, income from insurance claims, gain on disposal of assets, rental income and other etc. Other income of year 2017, 2018 and 2019 equal to Baht 11.41 million, Baht 10.60 million and Baht 12.44 million respectively.

Costs of sales and services and Gross profit

Costs of sales and services

Costs of sales and services in year 2017, 2018 and 2019 as Baht 715.82 million, Baht 734.65 million and Baht 753.19 million respectively. It was 73.39%, 72.14% and 73.42% of revenue from sales and services in each year respectively.

Costs of sales of goods

Costs of sales of goods comprised of costs of equipment sold, import tax, customs broker charge, insurance, and complementary wage. Costs of sales of goods in year 2017, 2018 and 2019 as Baht 474.58 million, Baht 456.91 million and Baht 489.49 million respectively. The costs of sales of goods ratios per revenues from sales was 72.38%, 69.88% and 71.03% respectively.

Costs of project works and services

Costs of project works and services comprised of cost of equipment installed for projects, outsource wage cost, wage of engineer and designer, protection fire system's repair and maintenance service charge and insurance premium of maintenance service. Costs of project works and services in year 2017, 2018 and 2019 as Baht 241.24 million, Baht 277.74 million and Baht 263.70 million respectively. The costs of project works and services ratios per revenues from project works and services was 75.48%, 76.20% and 78.32% respectively.

Gross profit and gross profit margin

The gross profit in year 2017, 2018 and 2019 as Baht 259.51 million, Baht 283.71 million and Baht 272.67 million respectively. Gross profit margin 26.61%, 27.86% and 26.58% of revenue from sales and services in each year respectively.

In year 2017, 2018 and 2019, gross profit the revenue from sales was Baht 181.13 million, Baht 196.98 million and Baht 199.67 million. Gross margin the revenue from sales were 27.62%, 30.12% and 28.97% respectively.

In year 2018, had gross profit the revenue from sales increased from 2017 equal to Baht 15.85 million or equivalent to 8.75% and the gross profit margin on sales increased were a consequence of the fact that driven mainly by Thai Baht appreciation. As a result, the costs of purchase decline from the same period of last year.

In year 2019, had gross profit the revenue from sales increased from 2018 equal to Baht 2.69 million or equivalent to 1.37%, but the gross profit margin decreased from sales as a result of the gross profit on product sales decreased due to the competitive conditions from the same period of last year.

In year 2017, 2018 and 2019, gross profit the revenue from project works and services was Baht 78.38 million, Baht 86.73 million and Baht 73.00 million respectively. It was gross profit margin equal to 24.52%, 23.80% and 21.68% respectively.

In year 2018, gross profit the revenue from project works and services increased from year 2017 equal to Baht 8.35 million or equivalent to 10.65% because due to the growth of project and service revenue which increased by 14.03% due to the recognition of continuous project revenue from 2017 and its establishment to obtain more projects in 2018.

In year 2019, gross profit the revenue from project works and services decreased from year 2018 equal to Baht 13.73 million or equivalent to 15.83% because such income depends on value of fire fighting contractor projects each year and the progress of the installation of fire suppression systems. There is also a result of which the Company has adopted the new financial reporting standards were adopted in 2019. Including the cost of subcontractor and other costs increased

Distribution costs and Administrative expenses

The distribution costs and Administrative expenses in year 2017, 2018 and 2019 as Baht 111.20 million, Baht 131.25 million and Baht 142.82 million respectively. It was 11.40%, 12.89% and 13.92% of total revenue respectively. Change details of distribution costs and Administrative expenses were as follows:

Distribution costs

Keys of distribution were salary and welfare of sale representatives and warehouse, commission, transportation and fuel expense, and observe activity expense. The distribution costs in year 2017, 2018 and 2019, as Baht 63.67 million, Baht 70.18 million and Baht 76.58 million or equivalent to 6.45%, 6.82% and 7.38% of total revenue respectively. The distribution costs tends to increase to the growth of revenue from sales and recruit new staffs to serve business expansion in the future. This causes increasing of expenses about staff salary and sale representatives. In year 2019, the Company has set aside Employee benefit obligations in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates as the Labor Protection Act (No.7) B.E. 2562.

Administrative expenses

Expense of administration were expense on staffs in administrative section, office service charge, public utility fees of office, depreciation, warehouse's rental fees, office's rental fees and audit fees. The cost of distribution in year 2017, 2018 and 2019, as Baht 47.53 million, Baht 61.07 million and Baht 66.24 million or equivalent to 4.82%, 5.94% and 6.38% of total revenue respectively.

In year 2018, the expense of administration increased from the year 2017 in the amount of Baht 13.54 million or equivalent to 28.49%. This expense was from expense on staffs in administrative section, PR consultant fees, depreciation, amortization and allowance for old-fashioned products related to accounting policies. The decreasing of expense was from reversing entries of allowance for doubtful accounts because the Company got debt repayment.

In year 2019, the expense of administration increased from the year 2018 in the amount of Baht 5.17 million or equivalent to 8.47%. The most expenses increase was the expenses from the Company has set aside Employee benefit obligations in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates as the Labor Protection Act (No.7) B.E. 2562 and has set aside loss on devaluation of obsolete, defective and slow-moving inventories so on.

Net profit and Net Profit Margin

In year 2017, 2018 and 2019, net profit was Baht 130.65 million, Baht 130.21 million and Baht 114.60 million respectively. It was 13.24%, 12.65% and 11.04% of net profit margin of total revenue in each year respectively.

In year 2018, net profit decrease from year 2017 in the amount of Baht 0.44 million or equivalent to 0.34%. And in year 2019, net profit decrease from year 2018 in the amount of Baht 15.61 million or equivalent to 11.99%. The most net profit was from decreasing was as mentioned earlier.

Financial Position Analysis

Assets

Total assets as at December 31, 2017, 2018 and 2019 as Baht 880.82 million, Baht 914.65 million and Baht 934.10 million respectively. Key important change of assets, cash and cash equivalents, trade and other receivables, unbilled receivables, inventories and land and equipment were as follows:

- As at December 31, 2017, 2018 and 2019, the cash and cash equivalents in the amount of Baht 310.80 million, Baht 272.75 million and Baht 116.49 million respectively. As at the end of the year 2017 and 2018, and 2019 cash was item from Initial Public Offering (IPO).
- As at December 31, 2017, 2018 and 2019, the trade and other receivables in the amount of Baht 220.79 million, Baht 255.67 million and Baht 203.30 million respectively. Net trade accounts receivable in the amount of Baht 213.70 million, Baht 246.63 million and Baht 194.20 million respectively. In order that policy to give term credit to customers around 30 - 90 days after delivery or service date. The most cases occurred when during cheque clearing system following billing and accepting cheque's regulations of each account receivable. The ordinary period was not over than 2-4 weeks from billing due date. The policy to suspend sale on credit for account receivable who overdue more than 12 months, if considered account receivable tended to be unpaid for debt and monitored debt repayment strictly with policy to consider setting allowance for doubtful accounts in the amount of 100% of account receivable with over 1 year overdue or account receivable tended to be unpaid for debt or judgment debtor as at December 31, 2017, 2018 and 2019, allowance for doubtful accounts in the amount of Baht 4.12 million, Baht 8.75 million and Baht 9.46 million respectively.

Other accounts receivable comprised of advances paid to installation contractors, other prepaid expenses.

- As at December 31, 2017, 2018 and 2019, the value of unbilled receivables in the amount of Baht 59.15 million, Baht 79.17 million and Baht 113.00 million respectively. Unbilled receivables was from perception of project work revenue following percentage of completion but due date to issue debt bill had not come yet.
- As at December 31, 2017, 2018 and 2019, the inventories in the amount of Baht 251.39 million, Baht 264.88 million and Baht 311.28 million respectively. To serve sale staff's needs following target adequately.
- As at December 31, 2017, 2018 and 2019, land and equipment in the amount of Baht 11.42 million, Baht 9.15 million and Baht 137.57 million respectively. The land is for the construction of a warehouse of approximately 9 rai, purchased from cash received from the Initial Public Offering (IPO). The equipment lists as furniture, office equipment, fixtures, tools and vehicles.

Liabilities

Total Liabilities as at December 31, 2017, 2018 and 2019, equal to Baht 137.92 million, Baht 171.14 million and Baht 199.54 million or equivalent to 15.66%, 18.71% and 21.36% of total assets respectively. There were important changes of liabilities as follows:

- As at December, 31, 2017, 2018 and 2019, the trade and other payables as follows;

(Unit : In Million Baht)	2017	2018	2019
Trade payable - Related parties	0.17	0.30	0.25
Trade payable - Others	87.84	108.62	102.01
Total trade payables	88.01	108.92	102.26
Other payable	20.34	28.17	64.08
Total trade and other payables	108.35	137.09	166.34

- Trade payable lists were domestic and foreign trade payables from product ordering to use in sale and project works. Payable Conversion Period in year 2017, 2018 and 2019 were 38, 48 and 50 days respectively.

Other payable comprised of advance received, accrued commission, accrued expenses and other payables.

- Other current liabilities were withholding tax and revenue department payable etc.
- Non-current liabilities comprised of employee benefit obligations, deposit guarantee and deposit for damage guarantee.

Shareholder's Equity

As at December 31, 2017, 2018 and 2019 shareholder's equity equal to Baht 742.90 million, Baht 743.51 million and Baht 734.56 million respectively or equivalent to 84.34%, 81.29% and 78.64% of total assets respectively. There were important changes of shareholder's equity as follows:

- As at December 31, 2017, 2018 and 2019, the appropriated retained earnings included appropriated for legal reserve equal to Baht 16.70 million, Baht 23.30 million and Baht 28.70 million respectively and retained earnings unappropriated equal to Baht 79.62 million, Baht 73.63 million and Baht 59.28 million respectively (retained earnings unappropriated according to separated financial statements equal to Baht 77.78 million, Baht 71.91 million and Baht 53.47 million respectively) Moreover, in year 2018, provided additional dividend payment of year 2017 to shareholders in the amount of Baht 75.60 million and provided the interim dividend payment of the year 2018 for 1 times to the shareholders as the total amount of Baht 54.00 million. In year 2019, provided additional dividend payment of year 2018 to shareholders in the amount of Baht 66.00 million and provided the interim dividend payment of the year 2019 to the shareholders as the total amount of Baht 42.00 million.

- On July 25, 2017, the Company received the proceeds from sell of its initial public offering of ordinary shares of Baht 442.5 million (newly issued 150 million ordinary shares at the price of Baht 2.95 per share) which was separately recorded as its share capital of Baht 75 million and premium on shares approximately Baht 346.48 million (net of expense on offering of ordinary shares totaling approximately Baht 21 million). The Company had registered the increase in paid-up share capital with the Ministry of Commerce on July 25, 2017 with issued and paid-up share capital Baht 300 million and the Company's ordinary shares were accepted as the listed securities by The Stock Exchange of Thailand on July 27, 2017.

Cash flows Analysis

In year 2017, 2018 and 2019, net cash provided by operating activities equal to Baht 58.70 million, Baht 88.09 million and Baht 84.56 million respectively. Profitable operation every year.

In year 2018, net cash provided by investing activities in the amount of Baht 3.58 million most of the cash is received from interest on proceeds from initial public offering (IPO) that has been deposited with a financial institution. In year 2019, net cash used in investing activities in the amount of Baht 132.84 million. The most of them are lists are the purchase of land for the construction a warehouse with an area of approximately 9 rai, using the investment from the cash received from the Initial Public Offering (IPO). And invested in ERP software to help with internal management to support the growth of the Company according to the structure that needs to grow faster.

In year 2018 and 2019, net cash used in financing activities in the amount of Baht 129.72 million and Baht 107.98 million respectively, dividend payment only.

In year 2018 and 2019, net decrease in cash and cash equivalents in the amount of Baht 38.05 million and Baht 156.26 million respectively.

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Firetrade Engineering Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Firetrade Engineering Public Company Limited and its subsidiary ("the Group") and of Firetrade Engineering Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respect, the consolidated and separate financial position of Firetrade Engineering Public Company Limited and its subsidiary and of Firetrade Engineering Public Company Limited as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Recognition of Revenue from Project Works

As discussed in Note 3 to the financial statements regarding accounting policies. The Group and Company recognized revenue from project works based on the percentage of completion by reference to the project work cost incurred for work performed up to date and estimate of total project work cost. Revenue from project works are highly dependent on the key factors, the estimated final project work cost and revision for certain events or conditions those occur or expected to occur to complete the contract with supplier of the Group including variations result in adjustments of these estimates that could give rise to variances in the amounts recognized. Therefore, this matter is considered as a key audit matter because revenue from project works recognized is significant and requiring management to exercise significant judgement to project work cost.

I gain understanding and performing test of design the internal controls related to the approach used by the management to monitor the estimation of project work cost. I also tested the effectiveness of internal controls related to revenue recognition and recording of project cost. I determined the reasonableness of the evaluation of stage of completion and the estimation of budget project cost by testing the details of actual project cost by tracing to sufficient supporting documents and site visits the existence and the reasonableness of stage of completion of individual projects at the year end.

Other Information

Management is responsible for the other information. The other information comprises information including in annual report but does not include the consolidated and separate financial statements and my auditor's report thereon, which is expected to be made available to me after that date.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to make correction the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If I conclude that a material uncertainty

exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Prawit Viwanthananut
 Certified Public Accountant
 Registration Number 4917

PV Audit Co., Ltd.
 Bangkok, 1 March 2020

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
ASSETS	3				
Current Assets					
Cash and cash equivalents	6	116,489,803.27	272,751,233.76	110,649,208.32	272,038,389.84
Trade and other receivables	5, 7	203,299,604.38	255,665,926.80	195,759,056.45	243,708,287.97
Unbilled receivables		112,997,447.19	79,167,611.89	101,217,241.33	72,983,521.83
Short-term loans to related party	5	-	-	10,000,000.00	20,000,000.00
Inventories	8	311,277,651.35	264,882,807.29	301,370,651.97	249,548,864.50
Other current assets		2,703,492.88	1,848,467.47	2,610,358.06	1,835,136.11
Total Current Assets		746,767,999.07	874,316,047.21	721,606,516.13	860,114,200.25
Non-Current Assets					
Deposits at financial institutions under pledge	14	4,300,000.00	4,401,262.76	4,300,000.00	4,394,521.76
Investments in subsidiary	5, 9	-	-	12,848,835.17	4,848,835.17
Investment properties	10, 26	3,907,032.35	3,907,032.35	3,907,032.35	3,907,032.35
Land and equipment	5, 11	137,565,236.99	9,148,336.25	137,474,589.74	9,056,065.39
Intangible assets	12	14,420,603.15	3,732,707.44	14,321,738.93	3,619,534.30
Deferred tax assets	13	11,767,009.76	4,897,119.90	10,884,346.81	4,677,803.30
Other non-current assets		15,371,906.65	14,243,150.37	13,810,858.16	11,911,785.64
Total Non-Current Assets		187,331,788.90	40,329,609.07	197,547,401.16	42,415,577.91
Total Assets		934,099,787.97	914,645,656.28	919,153,917.29	902,529,778.16

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY	3				
Current Liabilities					
Trade and other payables	5, 15	166,339,674.60	137,085,130.76	159,618,127.20	131,446,982.98
Income tax payable		9,100,623.05	14,960,330.25	7,773,959.46	11,522,736.41
Other current liabilities		3,971,170.10	5,636,574.08	3,954,316.92	5,081,551.71
Total Current Liabilities		179,411,467.75	157,682,035.09	171,346,403.58	148,051,271.10
Non-Current Liabilities					
Employee benefit obligations	16	16,926,989.00	10,374,004.00	16,147,017.00	9,897,148.00
Other non-current liabilities	5	3,197,707.64	3,076,917.80	2,912,054.09	2,794,683.35
Total Non-Current Liabilities		20,124,696.64	13,450,921.80	19,059,071.09	12,691,831.35
Total Liabilities		199,536,164.39	171,132,956.89	190,405,474.67	160,743,102.45
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
600,000,000 ordinary shares, Baht 0.50 par value		300,000,000.00	300,000,000.00	300,000,000.00	300,000,000.00
Issued and paid-up share capital					
600,000,000 ordinary shares, fully paid-up		300,000,000.00	300,000,000.00	300,000,000.00	300,000,000.00
Premium on share capital	17	346,480,124.86	346,480,124.86	346,480,124.86	346,480,124.86
Surplus from business combination under common control		98,835.17	98,835.17	98,835.17	98,835.17
Retained earnings					
Appropriated to legal reserve	18	28,700,000.00	23,300,000.00	28,700,000.00	23,300,000.00
Unappropriated	19	59,284,663.55	73,633,739.36	53,469,482.59	71,907,715.68
Total Shareholders' Equity		734,563,623.58	743,512,699.39	728,748,442.62	741,786,675.71
Total Liabilities and Shareholders' Equity		934,099,787.97	914,645,656.28	919,153,917.29	902,529,778.16

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
	3				
Revenues from sales and services	5	1,025,857,233.92	1,018,355,299.71	966,748,153.14	951,751,826.79
Cost of sales and services	5	(753,188,461.80)	(734,649,196.09)	(725,119,624.93)	(705,389,976.74)
Gross profit		272,668,772.12	283,706,103.62	241,628,528.21	246,361,850.05
Dividend income	5, 9	-	-	12,999,740.00	21,788,820.90
Other income	5	12,443,108.10	10,603,943.38	11,833,523.23	11,684,611.38
Distribution costs	5	(76,579,133.76)	(70,183,428.98)	(70,503,053.17)	(64,138,777.02)
Administrative expenses	5	(66,239,393.15)	(61,066,528.07)	(65,432,986.96)	(58,433,262.15)
Profit before income tax		142,293,353.31	163,060,089.95	130,525,751.31	157,263,243.16
Tax expense	23	(27,690,785.53)	(32,850,054.40)	(22,676,329.50)	(26,940,824.68)
Profit for the year		114,602,567.78	130,210,035.55	107,849,421.81	130,322,418.48
Other comprehensive income (loss)		-	-	-	-
Total comprehensive income for the year		114,602,567.78	130,210,035.55	107,849,421.81	130,322,418.48
Earnings per share					
Basic earnings per share		0.19	0.22	0.18	0.22
Weighted average number of ordinary shares (shares)		600,000,000	600,000,000	600,000,000	600,000,000

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Baht					
		Consolidated financial statements					
		Surplus from business					Total
		Issued and paid-up share capital	Premium on share capital	combination under common control	Retained earnings	Unappropriated	
Beginning balance as at 1 January 2018		300,000,000.00	346,480,124.86	98,835.17	16,700,000.00	79,623,703.99	742,902,664.02
Changes in shareholders' equity							-
Dividend payment	19	-	-	-	-	(129,600,000.18)	(129,600,000.18)
Appropriated for legal reserve	18	-	-	-	6,600,000.00	(6,600,000.00)	-
Profit for the year		-	-	-	-	130,210,035.55	130,210,035.55
Balance as at 31 December 2018		300,000,000.00	346,480,124.86	98,835.17	23,300,000.00	73,633,739.36	743,512,699.39
Beginning balance as at 1 January 2019 - as reported		300,000,000.00	346,480,124.86	98,835.17	23,300,000.00	73,633,739.36	743,512,699.39
Impact of first-time adoption of new accounting standard	4	-	-	-	-	(15,551,643.59)	(15,551,643.59)
Beginning balance as at 1 January 2019 - restated		300,000,000.00	346,480,124.86	98,835.17	23,300,000.00	58,082,095.77	727,961,055.80
Changes in shareholders' equity							
Dividend payment	19	-	-	-	-	(108,000,000.00)	(108,000,000.00)
Appropriated for legal reserve	18	-	-	-	5,400,000.00	(5,400,000.00)	-
Profit for the year		-	-	-	-	114,602,567.78	114,602,567.78
Balance as at 31 December 2019		300,000,000.00	346,480,124.86	98,835.17	28,700,000.00	59,284,663.55	734,563,623.58

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

		Baht				
		Separate financial statements				
Note		Issued and paid-up share capital	Premium on share capital	Surplus from business combination under common control		Total
				Appropriated	Unappropriated	
	Beginning balance as at 1 January 2018	300,000,000.00	346,480,124.86	98,835.17	77,785,297.38	741,064,257.41
	Changes in shareholders' equity					
	Dividend payment	-	-	-	(129,600,000.18)	(129,600,000.18)
	Appropriated for legal reserve	-	-	6,600,000.00	(6,600,000.00)	-
	Profit for the year	-	-	-	130,322,418.48	130,322,418.48
	Balance as at 31 December 2018	300,000,000.00	346,480,124.86	98,835.17	71,907,715.68	741,786,675.71
	Beginning balance as at 1 January 2019 - as reported	300,000,000.00	346,480,124.86	98,835.17	71,907,715.68	741,786,675.71
4	Impact of first-time adoption of new accounting standard	-	-	-	(12,887,654.90)	(12,887,654.90)
	Beginning balance as at 1 January 2019 - restated	300,000,000.00	346,480,124.86	98,835.17	59,020,060.78	728,899,020.81
	Changes in shareholders' equity					
	Dividend payment	-	-	-	(108,000,000.00)	(108,000,000.00)
	Appropriated for legal reserve	-	-	5,400,000.00	(5,400,000.00)	-
	Profit for the year	-	-	-	107,849,421.81	107,849,421.81
	Balance as at 31 December 2019	300,000,000.00	346,480,124.86	98,835.17	53,469,482.59	728,748,442.62

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities:				
Profit before income tax	142,293,353.31	163,060,089.95	130,525,751.31	157,263,243.16
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities				
Doubtful accounts	703,723.38	3,323,562.77	707,954.16	3,343,562.77
Loss on devaluation of obsolete and slow - moving inventories (reversal)	3,487,654.72	(698,459.73)	3,548,355.58	(800,851.17)
Depreciation and amortization	3,562,280.22	3,372,882.37	3,507,014.79	3,321,903.91
(Gain) loss on disposal of assets	151,403.38	(388,914.05)	156,996.60	(388,914.05)
Unrealized gain on exchange rate	(136,184.41)	(584,658.17)	(132,179.44)	(584,658.17)
Unrealized (gain) loss on measurement fair value of derivatives	52,437.82	(162,240.19)	52,437.82	(162,240.19)
Employee benefit obligations	6,552,985.00	2,449,350.00	6,249,869.00	2,326,397.00
Dividend income	-	-	(12,999,740.00)	(21,788,820.90)
Interest income	(1,993,426.04)	(3,867,797.90)	(2,685,195.04)	(4,633,620.64)
Profit from operating activities before change in operating assets and liabilities	154,674,227.38	166,503,815.05	128,931,264.78	137,896,001.72
Change in operating assets (increase) decrease				
Trade and other receivables	48,066,796.61	(39,348,311.46)	45,663,287.11	(41,509,615.20)
Unbilled receivables	(43,359,734.19)	(18,707,099.84)	(37,559,062.53)	(15,857,208.39)
Inventories	(49,882,498.78)	(12,797,488.52)	(55,370,143.05)	(9,967,558.28)
Other current assets	(855,025.41)	(1,064,244.66)	(775,221.95)	(1,061,474.40)
Deposits at financial institutions under pledge	101,262.76	73,441.71	94,521.76	(47,468.29)
Other non-current assets	(1,128,756.28)	(4,375,055.36)	(1,899,072.52)	(4,157,650.09)
Change in operating liabilities increase (decrease)				
Trade and other payables	15,044,477.17	29,318,377.45	15,042,772.58	31,853,675.07
Other current liabilities	(1,685,017.68)	(2,763,944.98)	(1,146,848.49)	(1,973,614.53)
Other non-current liabilities	120,789.84	207,694.55	117,370.74	204,057.25
Cash generated from operations	121,096,521.42	117,047,183.94	93,098,868.43	95,379,144.86
Income tax paid	(36,532,471.69)	(28,959,851.47)	(29,409,736.23)	(25,462,786.89)
Net cash provided by operating activities	84,564,049.73	88,087,332.47	63,689,132.20	69,916,357.97

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities:				
(Increase) decrease in short-term loans to related party	-	-	10,000,000.00	(1,000,000.00)
Increase in investments in subsidiary	-	-	(8,000,000.00)	-
Purchases of land and equipment	(129,484,545.16)	(1,608,419.95)	(129,450,805.48)	(1,568,998.05)
Proceeds from sales of equipment	17,884.50	1,563,682.68	17,884.50	1,563,682.68
Purchases of intangible assets	(5,372,425.65)	(235,284.53)	(5,372,425.65)	(235,284.53)
Interest received	1,993,992.39	3,866,895.65	2,707,679.21	4,629,321.13
Dividend received	-	-	12,999,740.00	21,788,820.90
Net cash provided by (used in) investing activities	(132,845,093.92)	3,586,873.85	(117,097,927.42)	25,177,542.13
Cash flows from financing activities:				
Dividend paid	(107,980,386.30)	(129,720,222.72)	(107,980,386.30)	(129,720,222.72)
Net cash used in financing activities	(107,980,386.30)	(129,720,222.72)	(107,980,386.30)	(129,720,222.72)
Net decrease in cash and cash equivalents	(156,261,430.49)	(38,046,016.40)	(161,389,181.52)	(34,626,322.62)
Cash and cash equivalents at the beginning of the year	272,751,233.76	310,797,250.16	272,038,389.84	306,664,712.46
Cash and cash equivalents at the end of the year	116,489,803.27	272,751,233.76	110,649,208.32	272,038,389.84

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

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Firetrade Engineering Public Company Limited (“the Company”) was incorporated in Thailand under the Civil and Commercial Code on 2 November 1999 and became a public company limited on 8 August 2016. The Company’s principal activities are to sales of fire protection equipment and systems, design, installation, repair and maintenance the fire protection systems.

On 27 July 2017, the Company was listed on the Stock Exchange of Thailand.

The registered office of the Company is at 21/57-58 Soi Soonvijai, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”) in accordance with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in accordance with Thai Financial Reporting Standards requires management to make judgments and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgements and estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The judgements and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consisted of the financial statements of Firetrade Engineering Public Company Limited, and its subsidiary (together referred to as “the Group”) as follows:

Subsidiary	Located in	Business type	Percentage of holding (%)	
			2019	2018
Fire Inspector Co., Ltd.	Thailand	Sales, installation and provide service of fire protection equipment and systems.	99.99	99.99

All significant intercompany transactions and accounts are eliminated in preparing the consolidated financial statements.

The preparations of the consolidated financial statements have been based on the same accounting policies for the same or similar accounting transactions or accounting events.

Subsidiary is an entity controlled by the Company. The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that significantly affect the amount of its returns. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in application of new and revised TFRS

New and revised TFRS that became effective in the current year

During the year 2019, the Group has adopted revised TFRS (revised 2018) and new TFRS which are effective for the accounting period beginning on or after 1 January 2019. These TFRS 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 TFRS does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which is summarized below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following TAS together with related Thai Interpretations (TSIC) and Thai Financial Reporting Interpretations (TFRIC):

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

The Group is 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 recognized at an amount that reflects the consideration to which the Group 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.

The Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

New and revised TFRS not yet effective

The TFAC has issued Notification, mandating the use of revised TFRS and new TFRS which are effective for the financial statements for the period beginning on or after 1 January 2020. These TFRS 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. However, the new TFRS involve changes to key principles which are summarized belows:

TFRS related to financial instruments

The set of TFRS related to financial instruments consists of five TAS, TFRS and interpretations as follows:

TAS/TFRS/TFRIC	Topic
TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRS 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 financial instruments, the characteristics of the contractual cash flows and the Group's business model), calculation of impairment of financial instruments using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRS related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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 Group is assessing the impacts of these TFRS on the financial statements for the year in which they are initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement bases used in preparing the financial statements

Other than those disclosed elsewhere in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Revenues

Revenue excluding value added tax and is arrived at after deduction of trade discounts.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognized as revenue on fulfillment of the obligation to the customer.

Revenue from sale of goods

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer. Sale is measured at the amount of the consideration received or receivable, of goods supplied after deducting returns and discounts, excluding value added tax.

Revenue from project works

Revenue from project works includes the initial amount agreed in the contract plus any variations in project works, claims and incentive payments if revenue is probable incurred and reliable measure. When project works are reliable estimated, revenue and cost of project works are recognized in profit or loss in proportion of the stage of completion of project works.

The stage of completion of project work is estimated by reference to the proportion of project work cost is incurred for work performed up to date and estimate of total project work cost.

If the estimate of project work is unreliable, revenue from project work will be recognized not excess the project work cost is incurred and probably recoverable.

When it is probable that total project work costs will be exceed total revenue from project work, the expected loss of project work will be recognized in profit or loss.

The part of completed project work, which has not yet been delivered for acceptance and billing, is recorded as unbilled receivables.

Revenues from service

Service incomes are recognized when services are rendered.

Rental income

Rental income under operating leases is recognized in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Contingent rentals are recognized as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognized when the right to receive the dividend is established.

Interest income and other income

Interest income and other income are recognized on an accrual basis.

Expenses

Operating leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Finance costs

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

Other expenses are recognized on an accrual basis.

Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits – defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefits – defined benefit plan

The employee benefit liabilities in relation to the severance payment under the labor law are recognized as a charge to results of operations over the employee's service year. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service year up to the

retirement age in the future years based on the actuarial technique. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When the actuarial assumptions are changed, the Group recognizes actuarial gains (losses) immediately in other comprehensive income.

Employee Joint Investment Program (“EJIP”)

The Group establishes Employee Joint Investment Program for the Group’s employees to buy the Company’s shares through EJIP as a defined contribution plan. The assets for which are held in a separate assets and are managed by a licensed agent. Contributions are made by the Group and its employees. The Group’s contributions to the Program are charged to the profit or loss for the year to which they relate.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in shareholders’ equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applied a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measured fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determined whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

In determining an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Inventories

Inventories are valued at the lower of weighted average cost method or net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the costs to make the sale.

An allowance is made for obsolete and slow-moving inventories.

During the year, the Group changed its accounting policy for valuing its inventories from the first-in, first-out method to the weighted average cost method in order to consistent with the movement of inventories. The Group calculated the effect from the accounting change as though the inventories had originally been valued using the weighted average cost method. However, the Group did not restate the previous financial statements, presented for comparative purposes, as the effect from the accounting change against the beginning balance of retained earnings for the year 2019 and profit or loss for the year ended 31 December 2018 was not material.

Investments in subsidiary

Investments in subsidiary in the separate financial statements are accounted for using the cost method less allowance for impairment (if any).

Investment properties

Investment properties are land held for capital appreciation but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Land is stated at cost less allowance for impairment (if any).

Land and equipment

Land is stated at cost less allowance for impairment (if any).

Equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the profit or loss.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of assets as follows:

	Years
Furniture and office equipment	5 and 10
Fixtures	5
Tools	5
Vehicles	5 and 7

No depreciation is provided on land or assets in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets

Intangible assets are software computer, which are amortized and computed by the straight-line method based on the estimated useful lives of the assets for 3 years, 5 years and 10 years.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' fair value less cost to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Estimate installation project costs

The Group estimates costs of each installation projects based on details of the installation design, and calculate quantity and costs of materials, labour and others which used to complete the projects and accompany with determine the trend of changes in those costs. Estimate costs are reviewed regularly and whenever actual costs are significant difference from the estimate costs.

Provision for loss on installation project

Management exercises judgment to estimate the probable loss of each installation project, based on estimates the probable costs by determine progress of installation, actual costs together with changes in costs of materials and labour and current situation.

Provision for penalty from delay delivery

The Group has provision incurred from delay delivery. The management applied judgement in estimating the penalty based on contract rate and the period of delay installation project. The Group has recorded provision for penalty from delay delivery in the financial statements. However, actual results could differ from the estimates.

Provision for warranty

A provision for warranty is recognized when the goods are sold or services are rendered to the customers. Provision is determined based on historical warranty payment experience couple with a review of the possibility factors on incurrence of such damage.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are converted to Thai Baht at the foreign exchange rates ruling at that date. Forward exchange contracts at the transaction date are converted to Thai Baht by using the contract rates.

Outstanding forward exchange contracts are marked to market by comparing contract rates to forward rates established by the contracting bank with the same maturity. At the end of year, the unrealized gains or losses on outstanding forward exchange contracts, calculated as described above, are included within other receivables or other payables from forward exchange contracts in the statement of financial position.

Gain or loss on conversion is included in the statement of income.

Dividends

Dividends and interim dividend payments are recorded in the consolidated and separate financial statements in the period in which they are approved by the Shareholders' Meeting or the Board of Directors' Meeting.

Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year.

4. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD

As described in Note 2, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognized as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	Baht	
	Consolidated	Separate
	financial statements	financial statements
Impact on retained earnings as at 1 January 2019		
Unearned service contract revenue	(19,439,554.49)	(16,109,568.63)
Related tax expense	3,887,910.90	3,221,913.73
Total	<u>(15,551,643.59)</u>	<u>(12,887,654.90)</u>

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the year ended 31 December 2019 are summarized below.

	Baht		
	Consolidated financial statements		
	Previous accounting		
	policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Trade and other receivables	204,724,146.75	(1,424,542.37)	203,299,604.38
Unbilled receivables	125,966,991.58	(12,969,544.39)	112,997,447.19
Deferred tax assets	6,988,010.55	4,778,999.21	11,767,009.76
Liabilities			
Trade and other payables	156,838,765.33	9,500,909.27	166,339,674.60
Shareholders' equity			
Retained earnings	78,400,660.37	(19,115,996.82)	59,284,663.55

	Baht		
	Separate financial statements		
	Previous accounting		
	policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Trade and other receivables	196,959,948.39	(1,200,891.94)	195,759,056.45
Unbilled receivables	113,948,302.90	(12,731,061.73)	101,217,241.33
Deferred tax assets	6,721,820.36	4,162,526.45	10,884,346.81
Liabilities			
Trade and other payables	152,737,448.48	6,880,678.72	159,618,127.20
Shareholders' equity			
Retained earnings	70,119,588.37	(16,650,105.78)	53,469,482.59

	Baht		
	Consolidated financial statements		
	Previous accounting		
	policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit of loss:			
Revenues from sales and services	1,030,312,675.46	(4,455,441.54)	1,025,857,233.92
Tax expense	28,581,873.84	(891,088.31)	27,690,785.53
Earnings per share:			
Basic earnings per share	0.20	(0.01)	0.19

	Baht		
	Separate financial statements		
	Previous accounting		
	policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit of loss:			
Revenues from sales and services	971,451,216.74	(4,703,063.60)	966,748,153.14
Tax expense	23,616,942.22	(940,612.72)	22,676,329.50
Earnings per share:			
Basic earnings per share	0.19	(0.01)	0.18

The nature of these adjustments is described below:

Revenue from maintenance of fire protection system – The Group has determined that maintenance of fire protection system should be recognized as separate performance obligation from the revenue from project work, which should be recognized as revenue when services are rendered.

5. RELATED PARTY TRANSACTIONS

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

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

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Group and those related parties.

The significant transactions with related parties for the years ended 31 December 2019 and 2018 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Revenues from sales				
Subsidiary	-	-	17,468,735.68	35,054,070.49
Related companies	954,884.06	591,654.00	954,884.06	591,654.00
Revenues from services				
Subsidiary	-	-	3,108,533.09	3,554,859.07
Related companies	103,028.83	-	103,028.83	-
Dividend income				
Subsidiary	-	-	12,999,740.00	21,788,820.90
Interest income				
Subsidiary	-	-	711,452.06	785,095.90
Other income				
Subsidiary	-	-	372,894.00	444,916.29
Related companies	1,297,260.00	1,323,318.81	1,297,260.00	1,323,318.81
Purchases of goods				
Subsidiary	-	-	5,651,730.42	6,609,410.63
Related companies	706,476.25	679,780.00	667,476.25	668,080.00
Other services				
Subsidiary	-	-	90.00	-
Related companies	451,312.55	101,030.00	436,632.91	101,030.00
Distribution costs				
Related company	400.00	-	-	-
Sale of equipment				
Subsidiary	-	-	5,593.22	-
Purchases of equipment				
Related company	7,964.00	-	7,964.00	-

Key management personnel compensation

Key management personnel compensation the years ended 31 December 2019 and 2018 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term benefits	20,320,157.84	18,486,524.96	18,535,910.93	16,687,900.86
Post-employment benefits	2,974,518.40	1,404,331.00	2,661,101.40	1,268,148.00
Total	23,294,676.24	19,890,855.96	21,197,012.33	17,956,048.86

The balances with related parties as at 31 December 2019 and 2018 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade and other receivables				
Fire Inspector Co., Ltd.	-	-	5,158,733.94	15,406,272.18
Safety Factory Co., Ltd.	426,175.01	222,225.07	426,175.01	222,225.07
S.I. Firetrade Co., Ltd.	50,140.20	107,382.88	50,140.20	107,382.88
Safety Online Co., Ltd.	30,666.20	-	30,666.20	-
Investments in subsidiary (see Note 9)	-	-	12,848,835.17	4,848,835.17
Trade and other payables				
Fire Inspector Co., Ltd.	-	-	68,768.53	46,969.98
Safety Factory Co., Ltd.	-	292,217.00	-	292,217.00
Econlite Manufacturing (Thailand) Co., Ltd.	57,971.79	12,840.00	48,118.99	12,840.00
Safety Online Co., Ltd.	193,296.84	-	193,296.84	-
Other non-current liabilities				
Fire Inspector Co., Ltd.	-	-	22,000.00	22,000.00
Safety Factory Co., Ltd.	26,000.00	26,000.00	26,000.00	26,000.00
S.I. Firetrade Co., Ltd.	100,000.00	100,000.00	100,000.00	100,000.00

Short-term loans to related party

	Baht	
	Separate financial statements	
	2019	2018
Fire Inspector Co., Ltd.	10,000,000.00	20,000,000.00

Movements of short-term loans to related party for the years ended 31 December 2019 and 2018 were as follows:

	Baht	
	Separate financial statements	
	2019	2018
Beginning balance	20,000,000.00	19,000,000.00
Increase	-	5,000,000.00
Decrease	(10,000,000.00)	(4,000,000.00)
Ending balance	10,000,000.00	20,000,000.00

The Company has short-term loans to related party by issuing promissory notes, due at call, with the interest rate of 4% per annum, without collateral.

Company relationship

Company	Country	Type of relation
Fire Inspector Co., Ltd.	Thailand	Subsidiary
Safety Factory Co., Ltd.	Thailand	Common shareholders and directors
S.I. Firetrade Co., Ltd.	Thailand	Common shareholders and directors
Econlite Manufacturing (Thailand) Co., Ltd.	Thailand	Common shareholders and directors
Safety Online Co.,Ltd.	Thailand	Common shareholders and directors

Bases of measurement for intercompany revenues and expenses

	Pricing policy
Purchases and sales of goods and equipment	Cost plus mutually agreed margin
Revenues from services - other services	Cost plus mutually agreed margin
Dividend income	As declared
Interest income	Negotiated agreement
Other income	Negotiated agreement
Guarantees for the Company's credit facilities by directors and directors' assets	No guarantee charge

6. CASH AND CASH EQUIVALENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	60,000.00	59,200.00	50,000.00	50,000.00
Cash at banks	116,429,803.27	272,692,033.76	110,599,208.32	271,988,389.84
Total	116,489,803.27	272,751,233.76	110,649,208.32	272,038,389.84

7. TRADE AND OTHER RECEIVABLES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts receivable	203,660,479.58	255,382,553.12	196,491,246.12	243,476,692.97
Less Allowance for doubtful accounts	(9,456,168.69)	(8,752,445.31)	(9,420,399.47)	(8,712,445.31)
Trade accounts receivable - net	194,204,310.89	246,630,107.81	187,070,846.65	234,764,247.66
Other receivables				
Prepaid expenses	8,333,079.26	8,374,924.63	7,820,268.94	8,145,945.64
Others	762,214.23	660,894.36	867,940.86	798,094.67
Total	203,299,604.38	255,665,926.80	195,759,056.45	243,708,287.97
For the years ended 31 December				
Doubtful accounts	703,723.38	4,635,139.54	707,954.16	4,655,139.54

As at 31 December 2019 and 2018, the Group had outstanding balances of trade accounts receivable aged by number of months as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts receivable				
Current	115,143,945.44	163,601,772.22	116,630,317.75	142,068,495.49
Overdue				
Less than or equal to 3 months	58,318,443.04	76,174,922.33	50,123,364.68	85,842,338.91
Over 3 months up to 6 months	8,619,837.50	4,236,329.57	8,301,942.64	4,236,329.57
Over 6 months up to 12 months	12,123,949.50	2,781,768.69	12,017,086.17	2,781,768.69
Over 12 months	9,454,304.10	8,587,760.31	9,418,534.88	8,547,760.31
Total	203,660,479.58	255,382,553.12	196,491,246.12	243,476,692.97

8. INVENTORIES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Finished goods	300,406,262.16	236,321,291.45	291,650,467.06	223,194,230.24
Goods in transit	20,137,778.83	34,340,250.76	18,467,548.48	31,553,642.25
Total	320,544,040.99	270,661,542.21	310,118,015.54	254,747,872.49
Less Allowance for obsolete and				
slow - moving inventories	(9,266,389.64)	(5,778,734.92)	(8,747,363.57)	(5,199,007.99)
Inventories - net	311,277,651.35	264,882,807.29	301,370,651.97	249,548,864.50
 For the years ended 31 December				
Loss on devaluation of obsolete				
and slow - moving inventories (reversal)	3,487,654.72	(698,459.73)	3,548,355.58	(800,851.17)

9. INVESTMENTS IN SUBSIDIARY

	Baht		Percentage of holding (%)		Baht		Baht	
	Paid-up share capital				Cost		Dividend income *	
	2019	2018	2019	2018	2019	2018	2019	2018
Fire Inspector Co., Ltd.	10,000,000.00	2,000,000.00	99.99	99.99	12,848,835.17	4,848,835.17	12,999,740.00	21,788,820.90

Fire Inspector Co., Ltd. has called for paid-up capital from the capital increase by its Extraordinary General Meeting of Shareholders held on 21 February 2019 at 80,000 shares, Baht 100 per share, totalling Baht 8 million, of which fully received.

* For the years ended 31 December 2019 and 2018

10. INVESTMENT PROPERTIES

	Baht	
	Consolidated and Separate financial statements	
	2019	2018
Cost of land	4,241,578.35	4,241,578.35
Less Allowance for impairment	(334,546.00)	(334,546.00)
Investment properties - net	3,907,032.35	3,907,032.35

The Company

The fair value of investment properties was determined by the independent appraiser, which has the appraisal value in the amount of Baht 9.98 million for the year 2019 (2018: Baht 16.22 million) (see Note 26), the method used to appraise the properties was Market Approach, according to the appraisal reports.

11. LAND AND EQUIPMENT

	Baht						
	Consolidated financial statements						
	Land	Furniture and office equipment	Fixtures	Tools	Vehicles	Assets in progress	Total
Cost							
As at 1 January 2018	-	10,499,812.29	892,535.95	3,326,264.40	19,228,822.43	-	33,947,435.07
Purchases/transfer in	-	970,744.71	-	604,675.24	33,000.00	-	1,608,419.95
Disposals/transfer out	-	(763,142.16)	-	(207,770.09)	(5,124,607.48)	-	(6,095,519.73)
As at 31 December 2018	-	10,707,414.84	892,535.95	3,723,169.55	14,137,214.95	-	29,460,335.29
Purchases/transfer in	122,703,780.00	863,153.56	-	419,483.76	-	7,006,146.58	130,992,563.90
Disposals/transfer out	-	(296,569.14)	-	-	-	-	(296,569.14)
As at 31 December 2019	122,703,780.00	11,273,999.26	892,535.95	4,142,653.31	14,137,214.95	7,006,146.58	160,156,330.05
Accumulated depreciation							
As at 1 January 2018	-	7,270,306.30	524,445.06	2,353,136.60	12,381,382.44	-	22,529,270.40
Depreciation	-	1,111,730.07	178,395.80	388,344.36	1,037,251.83	-	2,715,722.06
Disposals/transfer out	-	(731,899.21)	-	(201,094.21)	(4,000,000.00)	-	(4,932,993.42)
As at 31 December 2018	-	7,650,137.16	702,840.86	2,540,386.75	9,418,634.27	-	20,311,999.04
Depreciation	-	1,213,640.44	138,172.06	404,801.68	772,537.60	-	2,529,151.78
Disposals/transfer out	-	(250,057.76)	-	-	-	-	(250,057.76)
As at 31 December 2019	-	8,613,719.84	841,012.92	2,945,188.43	10,191,171.87	-	22,591,093.06
Book value							
As at 31 December 2018	-	3,057,277.68	189,695.09	1,182,782.80	4,718,580.68	-	9,148,336.25
As at 31 December 2019	122,703,780.00	2,660,279.42	51,523.03	1,197,464.88	3,946,043.08	7,006,146.58	137,565,236.99

Baht

Separate financial statements

	Land	Furniture and office equipment	Fixtures	Tools	Vehicles	Assets in progress	Total
Cost							
As at 1 January 2018	-	10,307,100.77	892,535.95	3,290,813.74	19,228,822.43	-	33,719,272.89
Purchases/transfer in	-	965,744.71	-	570,253.34	33,000.00	-	1,568,998.05
Disposals/transfer out	-	(763,142.16)	-	(207,770.09)	(5,124,607.48)	-	(6,095,519.73)
As at 31 December 2018	-	10,509,703.32	892,535.95	3,653,296.99	14,137,214.95	-	29,192,751.21
Purchases/transfer in	122,703,780.00	863,153.56	-	385,744.08	-	7,006,146.58	130,958,824.22
Disposals/transfer out	-	(302,162.36)	-	-	-	-	(302,162.36)
As at 31 December 2019	122,703,780.00	11,070,694.52	892,535.95	4,039,041.07	14,137,214.95	7,006,146.58	159,849,413.07
Accumulated depreciation							
As at 1 January 2018	-	7,154,761.29	524,445.06	2,330,047.85	12,381,382.44	-	22,390,636.64
Depreciation	-	1,082,661.99	178,395.80	380,732.98	1,037,251.83	-	2,679,042.60
Disposals/transfer out	-	(731,899.21)	-	(201,094.21)	(4,000,000.00)	-	(4,932,993.42)
As at 31 December 2018	-	7,505,524.07	702,840.86	2,509,686.62	9,418,634.27	-	20,136,685.82
Depreciation	-	1,185,548.53	138,172.06	391,937.08	772,537.60	-	2,488,195.27
Disposals/transfer out	-	(250,057.76)	-	-	-	-	(250,057.76)
As at 31 December 2019	-	8,441,014.84	841,012.92	2,901,623.70	10,191,171.87	-	22,374,823.33
Book value							
As at 31 December 2018	-	3,004,179.25	189,695.09	1,143,610.37	4,718,580.68	-	9,056,065.39
As at 31 December 2019	122,703,780.00	2,629,679.68	51,523.03	1,137,417.37	3,946,043.08	7,006,146.58	137,474,589.74

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Depreciation for the years ended 31 December				
was included in administrative expenses	2,529,151.78	2,715,722.06	2,488,195.27	2,679,042.60
As at 31 December				
the carrying amount before accumulated depreciation				
which have been fully depreciated and still in use	13,653,598.75	13,016,029.70	13,535,300.93	12,957,547.34

12. INTANGIBLE ASSETS

	Baht	
	Computer Program	
	Consolidated financial statements	Separate financial statements
Cost		
As at 1 January 2018	5,910,886.32	5,767,806.92
Purchases	235,284.53	235,284.53
Disposals	(28,620.96)	(28,620.96)
As at 31 December 2018	6,117,549.89	5,974,470.49
Purchases	11,843,800.65	11,843,800.65
Disposals	(302,121.79)	(302,121.79)
As at 31 December 2019	17,659,228.75	17,516,149.35
Accumulated amortization		
As at 1 January 2018	1,744,060.78	1,728,453.52
Amortization	657,160.31	642,861.31
Disposals	(16,378.64)	(16,378.64)
As at 31 December 2018	2,384,842.45	2,354,936.19
Amortization	1,033,128.44	1,018,819.52
Disposals	(179,345.29)	(179,345.29)
As at 31 December 2019	3,238,625.60	3,194,410.42
Net book value		
As at 31 December 2018	3,732,707.44	3,619,534.30
As at 31 December 2019	14,420,603.15	14,321,738.93

13. DEFERRED TAX

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets	12,003,687.30	5,047,946.04	11,121,024.35	4,828,629.44
Deferred tax liabilities	(236,677.54)	(150,826.14)	(236,677.54)	(150,826.14)
Deferred tax assets - net	11,767,009.76	4,897,119.90	10,884,346.81	4,677,803.30

Movements of deferred tax assets and liabilities during the years were as follows:

	Baht						
	Consolidated financial statements						
	Adjustment on adoption of						
	1 January 2018	Profit (loss)	31 December 2018	new TFRS (see Note 4)	1 January 2019	Profit (loss)	31 December 2019
Deferred tax assets							
Trade and other receivables	823,461.14	927,027.91	1,750,489.05	-	1,750,489.05	140,744.67	1,891,233.72
Unbilled receivables	262,315.35	(262,315.35)	-	-	-	-	-
Inventories	1,295,438.94	(139,691.95)	1,155,746.99	-	1,155,746.99	697,530.89	1,853,277.88
Investment properties	66,909.20	-	66,909.20	-	66,909.20	-	66,909.20
Intangible assets	-	-	-	-	-	18,145.16	18,145.16
Employee benefit - obligations	1,584,930.80	489,870.00	2,074,800.80	-	2,074,800.80	1,310,597.00	3,385,397.80
Contract liabilities	-	-	-	3,887,910.90	3,887,910.90	890,325.08	4,778,235.98
Others	45,426.20	(45,426.20)	-	-	-	10,487.56	10,487.56
Total	4,078,481.63	969,464.41	5,047,946.04	3,887,910.90	8,935,856.94	3,067,830.36	12,003,687.30
Deferred tax liabilities							
Equipment	-	(118,378.10)	(118,378.10)	-	(118,378.10)	(118,299.44)	(236,677.54)
Others	-	(32,448.04)	(32,448.04)	-	(32,448.04)	32,448.04	-
Total	-	(150,826.14)	(150,826.14)	-	(150,826.14)	(85,851.40)	(236,677.54)

	Baht						
	Separate financial statements						
	Adjustment						
	on adoption of						
	1 January 2018	Profit (loss)	31 December 2018	new TFRS (see Note 4)	1 January 2019	Profit (loss)	31 December 2019
Deferred tax assets							
Trade and other receivables	811,461.14	931,027.91	1,742,489.05	-	1,742,489.05	141,590.83	1,884,079.88
Unbilled receivables	262,315.35	(262,315.35)	-	-	-	-	-
Inventories	1,199,971.83	(160,170.24)	1,039,801.59	-	1,039,801.59	709,671.12	1,749,472.71
Investment properties	66,909.20	-	66,909.20	-	66,909.20	-	66,909.20
Intangible assets	-	-	-	-	-	18,145.16	18,145.16
Employee benefit obligations	1,514,150.20	465,279.40	1,979,429.60	-	1,979,429.60	1,249,973.80	3,229,403.40
Contract liabilities	-	-	-	3,221,913.73	3,221,913.73	940,612.71	4,162,526.44
Others	45,426.20	(45,426.20)	-	-	-	10,487.56	10,487.56
Total	3,900,233.92	928,395.52	4,828,629.44	3,221,913.73	8,050,543.17	3,070,481.18	11,121,024.35
Deferred tax liabilities							
Equipment	-	(118,378.10)	(118,378.10)	-	(118,378.10)	(118,299.44)	(236,677.54)
Others	-	(32,448.04)	(32,448.04)	-	(32,448.04)	32,448.04	-
Total	-	(150,826.14)	(150,826.14)	-	(150,826.14)	(85,851.40)	(236,677.54)

14. CREDIT FACILITIES WITH FINANCIAL INSTITUTIONS

The Group has credit facilities with financial institutions consisted of:

Type	Facilities (Million Baht)		Referred interest rate	
			(% Per annum)	
	2019	2018	2019	2018
Bank overdrafts	1.00	1.00	Fixed deposit	Fixed deposit
Letter of credit/trust receipt/promissory notes	38.00	38.00	MMR, MLR	MMR, MLR
Letter of guarantee	73.00	53.00	1% - 1.75%	1% - 1.75%
Forward exchange contracts	14.39	14.39	-	-

Bank deposits of the Company and director were used as collateral for the credit facilities with financial institutions and personal guarantee by the directors in the full amount.

15. TRADE AND OTHER PAYABLES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable	102,259,302.54	108,917,322.69	99,393,951.76	105,538,295.82
Other payables				
Accrued expenses	21,134,065.86	12,547,295.58	20,375,133.34	11,440,207.09
Deferred income	38,217,319.39	13,755,276.25	35,123,175.29	12,676,558.25
Others	4,728,986.81	1,865,236.24	4,725,866.81	1,791,921.82
Total	166,339,674.60	137,085,130.76	159,618,127.20	131,446,982.98

16. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefit obligations for the years ended 31 December 2019 and 2018 was as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Post-employment benefit plan				
Beginning balance as at 1 January	10,374,004.00	7,924,654.00	9,897,148.00	7,570,751.00
Included in profit or loss :				
Current service cost	2,793,456.00	2,232,318.00	2,684,892.00	2,119,741.00
Interest cost	360,648.00	217,032.00	343,496.00	206,656.00
Past service cost	3,398,881.00	-	3,221,481.00	-
Ending balance as at 31 December	16,926,989.00	10,374,004.00	16,147,017.00	9,897,148.00

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for post-employment benefits in the consolidated and separate financial statements is approximately 12.87 years and 16.29 years, respectively.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 are summarized belows:

	Baht			
	2019			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1 percent movement)	(2,101,010.00)	2,506,582.00	(1,986,366.00)	2,369,306.00
Salary increase rate (1 percent movement)	2,703,760.00	(2,285,082.00)	2,555,665.00	(2,160,785.00)
Turnover rate (1 percent movement)	(2,292,950.00)	1,196,805.00	(2,166,937.00)	1,126,440.00

	Baht			
	2018			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1 percent movement)	(1,311,793.00)	1,567,623.00	(1,240,057.00)	1,481,396.00
Salary increase rate (1 percent movement)	1,575,460.00	(1,339,392.00)	1,487,970.00	(1,265,585.00)
Turnover rate (1 percent movement)	(1,433,539.00)	760,020.00	(1,354,452.00)	714,363.00

The principal assumptions used in determining provision for retirement benefit on an actuarial basis as at 31 December 2019 and 2018 (expressed as weighted averages) are shown belows:

	Consolidated financial statements	Separate financial statements
Discount rate	2.73%, 2.93%	2.73%
Salary increase rate	8%	8%
Turnover rate	0% - 33%	0% - 33%

The Group made define benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates, such as employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days of the last month salary. The Group amended the post-employment benefits as the Labor Protection Act (No. 7) B.E. 2562 which was effective from 5 May 2019. As a result of the amendment, the Group recognised the additional past-employment benefit liabilities in the statement of financial position and the past service cost from the plan amendment as expenses in the profit or loss in the amount of Baht 3.40 million in the consolidated financial statements and in the amount of Baht 3.22 million in the separate financial statements for the year ended 31 December 2019.

17. SHARE PREMIUM

Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

18. LEGAL RESERVE

According to the Public Limited Companies Act, the Company is required to set aside as a statutory reserve of at least 5% of its net profit for the year less the deficit brought forward (if any) until the reserve reaches 10% of the registered share capital.

19. DIVIDEND PAYMENT

The Company

The Ordinary General Meeting of Shareholders held on 28 March 2019, a resolution was passed authorizing the payment of dividend at the rate of Baht 0.11 per share, in the total amount of Baht 66 million.

The Board of Directors’ Meeting held on 8 August 2019, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 0.07 per share, in the total amount of Baht 42 million.

The Ordinary General Meeting of Shareholders held on 4 April 2018, a resolution was passed authorizing the payment of dividend at the rate of Baht 0.126 per share, in the total amount of Baht 75.60 million.

The Board of Directors’ Meeting held on 10 August 2018, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 0.09 per share, in the total amount of Baht 54 million.

The Subsidiary

The Board of Directors’ Meeting held on 27 May 2019, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 50 per share, in the total amount of Baht 5 million.

The Board of Directors’ Meeting held on 21 November 2019, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 80 per share, in the total amount of Baht 8 million.

The Ordinary General Meeting of Shareholders held on 18 April 2018, a resolution was passed authorizing the payment of dividend at the rate of Baht 245.45 per share, in the total amount of Baht 4.91 million.

The Board of Directors’ Meeting held on 5 June 2018, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 144.10 per share, in the total amount of Baht 2.88 million.

The Board of Directors’ Meeting held on 30 November 2018, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 700 per share, in the total amount of Baht 14 million.

20. PROVIDENT FUND

The Group and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Group. The Fund is managed by BBL Asset Management Co., Ltd. This Fund is registered under the conditions of Ministry of Finance and the fund is managed by the approved fund manager. In 2019, the Group paid contribution to the Fund in the amount of Baht 2.14 million (2018: Baht 1.98 million) in the consolidated financial statements and Baht 2.00 million (2018: Baht 1.86 million) in the separate financial statements.

21. EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

On 13 September 2018, The Company received the approval of Employee Joint Investment Program (“EJIP”) from Securities and Exchange Commission. EJIP is an investment program for accumulative buying of the Company’s shares on a periodic basis by the employees of the Company and its subsidiary, established to serve as another mean of compensating the Company and subsidiary’s employees and effective for the period from October 2018 to September 2021. Total expense recognized for the program for the year ended 31 December 2019 amounted to Baht 1.56 million (2018: Baht 0.38 million) in the consolidated financial statements and amounted to Baht 1.46 million (2018: Baht 0.35 million) in the separate financial statements.

22. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2019 and 2018 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Purchases of merchandise	666,564,995.59	607,099,709.12	650,393,204.24	584,615,515.72
Changes in merchandise	(64,038,046.51)	(17,361,644.70)	(68,409,312.62)	(11,336,349.46)
Employee expenses	132,880,473.22	116,534,339.12	127,716,427.05	111,375,656.35
Contractor charges	101,315,554.37	97,132,736.95	94,068,104.73	85,522,846.26
Rental and office service charges	7,561,670.81	7,249,636.67	7,534,370.85	7,220,354.79
Transportation - out expenses	7,270,186.09	7,505,109.42	6,906,762.67	7,112,009.42
Depreciation and amortization expenses	3,562,280.22	3,372,882.37	3,507,014.79	3,321,903.91

23. INCOME TAX

Tax expense recognized in profit or loss for the years ended 31 December 2019 and 2018 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax				
Current year	30,672,764.49	33,668,692.67	25,660,959.28	27,718,394.06
Deferred tax				
Movements in temporary differences	(2,981,978.96)	(818,638.27)	(2,984,629.78)	(777,569.38)
Tax expense	<u>27,690,785.53</u>	<u>32,850,054.40</u>	<u>22,676,329.50</u>	<u>26,940,824.68</u>

Reconciliation of effective tax rate

	Consolidated financial statements			
	2019		2018	
	Tax rate (%)	Baht	Tax rate (%)	Baht
Profit before income tax		<u>142,293,353.31</u>		<u>163,060,089.95</u>
Income tax using the corporate tax rate	20	28,458,670.66	20	32,612,017.99
Revenues treated as revenues for tax purposes		1,782,841.25		-
Expenses not deductible for tax purposes		2,321,597.65		1,534,506.38
Revenues granted income tax exemption		(846,552.00)		-
Addition expenses deductible for tax purposes		(1,098,537.49)		(524,903.41)
Effects of elimination entries on consolidation		<u>54,744.42</u>		<u>47,071.71</u>
Current tax	22	30,672,764.49	21	33,668,692.67
Movement in temporary differences		<u>(2,981,978.96)</u>		<u>(818,638.27)</u>
Tax expense	19	<u>27,690,785.53</u>	20	<u>32,850,054.40</u>

	Separate financial statements			
	2019		2018	
	Tax rate (%)	Baht	Tax rate (%)	Baht
Profit before income tax		130,525,751.31		157,263,243.16
Income tax using the corporate tax rate	20	26,105,150.26	20	31,452,648.63
Revenues treated as revenues for tax purposes		1,626,677.66		-
Expenses not deductible for tax purposes		2,268,110.85		1,138,504.39
Revenues granted income tax exemption		(3,240,812.00)		(4,357,764.18)
Addition expenses deductible for tax purposes		(1,098,167.49)		(514,994.78)
Current tax	20	25,660,959.28	18	27,718,394.06
Movement in temporary differences		(2,984,629.78)		(777,569.38)
Tax expense	17	22,676,329.50	17	26,940,824.68

24. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent manner 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 the directors of the Company.

The Group operated in two main business segments, namely sales of fire protection equipment and systems and project works and services (design, installation, repair and maintenance of fire protection systems). Its operations are in a single geographic area primarily in Thailand which consider, basing on the types of activities, the operating income and expenses for the years ended 31 December 2019 and 2018 were as follows:

	Baht					
	From sales		From project works and services		Total	
	2019	2018	2019	2018	2019	2018
Revenues	689,156,611.19	653,885,262.32	336,700,622.73	364,470,037.39	1,025,857,233.92	1,018,355,299.71
Cost	(489,492,150.26)	(456,910,306.49)	(263,696,311.54)	(277,738,889.60)	(753,188,461.80)	(734,649,196.09)
Gross profit	199,664,460.93	196,974,955.83	73,004,311.19	86,731,147.79	272,668,772.12	283,706,103.62

25. FINANCIAL INSTRUMENTS

The Group has no policy to speculate or trade in any financial instrument derivatives.

Accounting policies

Details of significant accounting policies, methods adopted, including the bases on which income and expenses are recognized, in respect of each class of financial assets or financial liabilities are disclosed in Note 3.

Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to operations and cash flow of the Group. The Group's management believes that the interest risk is minimal.

Foreign currency risk

The Group has trade accounts payable denominated in foreign currencies, giving rise to the exposure on market risk from changes in exchange rates. The Group entered into certain forward exchange contracts to manage its foreign exchange risk. The Group, however, is exposing to currency risk for those without forward exchange contracts.

As at 31 December 2019 and 2018, the Group had liabilities in foreign currencies as follows:

	Foreign currencies			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Hedging				
US Dollars	1,000,000.00	600,000.00	1,000,000.00	600,000.00
Singapore Dollars	42,875.20	-	42,875.20	-
Non-Hedging				
Euro	-	55,797.00	-	55,797.00
US Dollars	707,894.15	1,231,925.97	653,507.15	1,146,485.97
Singapore Dollars	-	74,607.00	-	74,607.00
Pound sterling	-	475.20	-	475.20

The Company had forward exchange bought contracts for foreign trade payables. As at 31 December 2019, the Company had outstanding forward bought contracts in the amount of USD 1.00 million and amount of SGD 0.04 million which have maturity date in January and March 2020

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requesting trade credit from the Group. The Group's management believes

that there were no significant credit risk and exposure to credit risk shall not exceed the amount of allowance for doubtful accounts (if any) recorded in the statement of financial position.

Liquidity risk

The Group manages its liquidity risk by maintaining the level of cash and cash equivalents deemed adequate to finance the Group's operations and investments and to mitigate the effects of fluctuations in cash flows with leaning to cash flows from operating activities and financing activities.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, also monitors the level of dividends to ordinary shareholders.

Fair value

Most of the financial assets are cash and cash equivalents, trade and other receivables which are short-term credit. Most of the financial liabilities are trade and other payables. The carrying amount of the financial assets and financial liabilities are not significantly different from their fair value.

26. FAIR VALUE HIERARCHY

As at 31 December 2019 and 2018, the Company had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

	Baht			
	2019			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Foreign currency forward bought contracts	-	(52,437.82)	-	(52,437.82)
Assets for which fair value are disclosed				
Investment properties	-	9,979,000.00	-	9,979,000.00

	Baht			
	2018			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward bought contracts	-	162,240.19	-	162,240.19
Assets for which fair value are disclosed				
Investment properties	-	16,217,000.00	-	16,217,000.00

During the years, there were no transfers within the fair value hierarchy.

27. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2019 the Group had commitments as follows:

The Company

27.1 Letters of guarantee issued by banks for goods and installation of system service agreement in the amount of Baht 52.52 million.

27.2 Payment under office and warehouse rental agreements with other companies and related party as follows:

Period	Rental and service (Thousand Baht)
1 year	11,308
2 - 5 years	19,337

27.3 Payment under service agreements in the amount of Baht 29.86 million.

The Subsidiary

27.4 Letters of guarantee issued by banks for goods and installation of system service agreement in the amount of Baht 1.72 million.

27.5 Payment under service agreements in the amount of Baht 0.59 million.

28. EVENT AFTER THE REPORTING PERIOD

The Company

The Board of Directors' Meeting held on 1 March 2020, passed resolution to propose for approval at the Ordinary General Meeting of Shareholders, to pay dividends at the rate of Baht 0.09 per share, in the total amount of Baht 54 million.

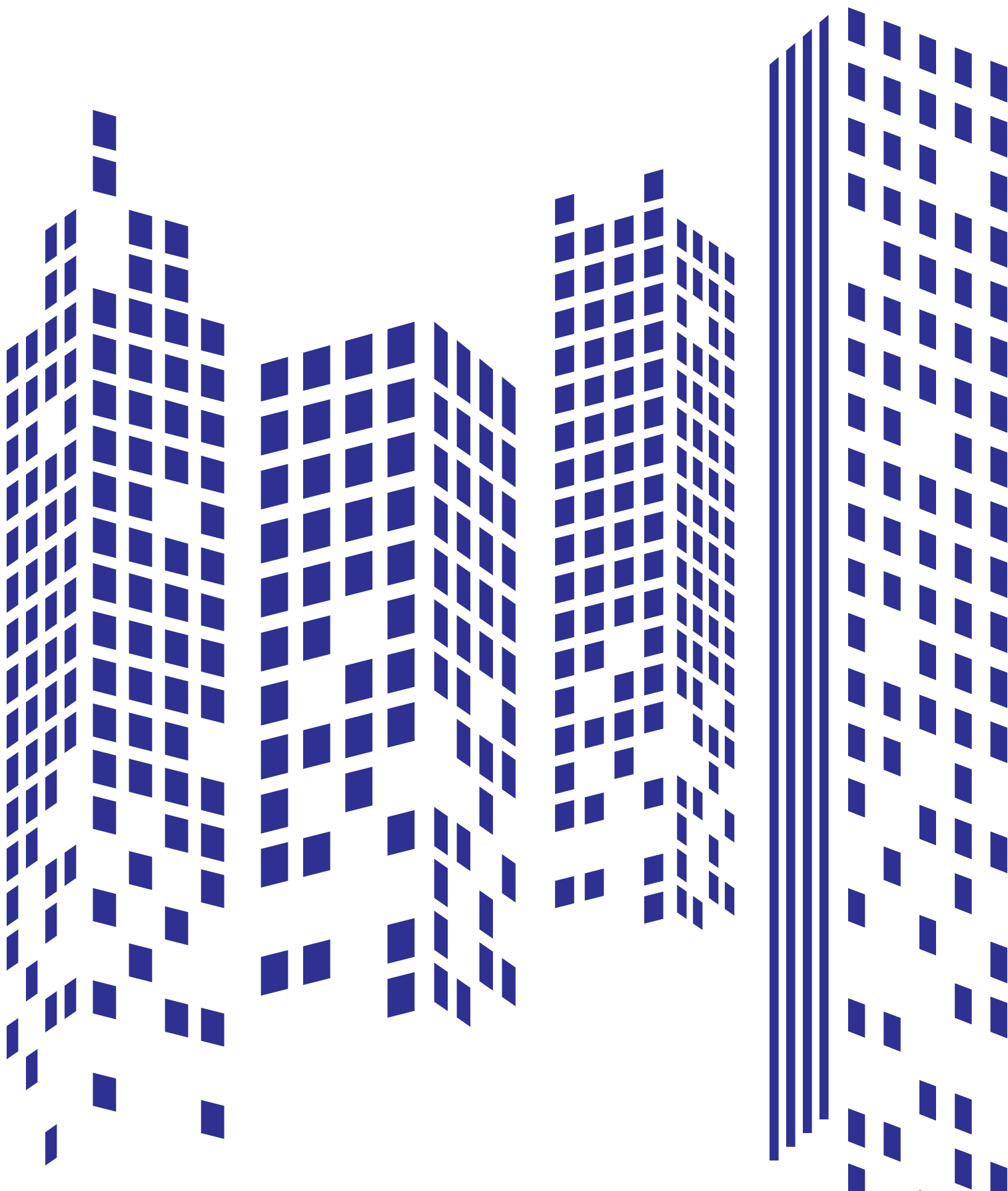
29. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on 1 March 2020.

General Information

Company's name in English	: Firetrade Engineering Public Company Limited
Symbol	: FTE
Registered Number	: 0107559000397
Type of Business	: Importer and distributor of products related to full range of fire protection services comprise of: 1) fire protection equipment systems 2) fire suppression system 3) fire alarm system including designing, selling, sourcing, installing, examining, repairing and maintaining of fire protection equipment systems and related fire protection systems.
Head Office	: No. 21/57-58 Soi Soonvijai, Rama 9 road, Bangkapi Sub-district, Huaykwang District, Bangkok 10310
Tel.	: 02-641-4707-12
Fax.	: 02-203-0533, 02-203-0282
Website	: www.firetrade.co.th
Industry	: Service
Sector	: Commerce
First Trading Date	: 27 July, 2017
Authorized share capital	: Baht 300 million (Three hundred million baht only)
Issued and paid-up share capital	: Baht 300 million (Three hundred million baht only)
Ordinary shares	: 600 million ordinary shares
Par value	: Baht 0.50 per share
Referred persons:	
Auditor	: PV Audit Company Limited No. 100/19, 14th Floor, Vongvanich B Building, Rama 9 Road, Huaykwang District, Bangkok 10310 Tel. 02-645-0080 Fax. 02-645-0020
Securities Registrar	: Thailand Securities Depository Co., Ltd. 1st floor of The Stock Exchange of Thailand building, Tower B, No.93, Ratchadaphisek Road, Dindaeng Sub-district, Dindaeng District, Bangkok, 10400 Tel. 02-009-9000 Fax. 02-009-9991 TSD Call center : 02-009-9999

Remarks: For more information, please see our Annual Registration Statement (Form 56-1) which is posted on The Office of the Securities and Exchange Commission's website at www.sec.or.th or visit www.set.or.th and the Company's website at www.firetrade.co.th



บริษัท ไฟร์เทรดเอ็นจิเนียริ่ง จำกัด (มหาชน)
21/57-58 ซอยศูนย์วิจัย ถนนพระราม9
แขวงบางกะปิ เขตห้วยขวาง กรุงเทพมหานคร 10310

Firetrade Engineering Public Company Limited
21/57-58 Soi Soonvijai, Rama 9 Road,
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