

Part 3**Financial Position and Operation Performance****13. Key Financial Information****13.1 Financial statements****Responsibilities of Management for the financial reports**

The Board of Director of the company perceive the importance of duty and responsibilities of corporate governance following the good corporate governance policy. The financial statements and the financial information in the annual report were corrected, completed and fairly disclosed. Moreover, the financial statements are in accordance with Thai Financial Reporting standard by applying appropriate and consistency accounting policy, and conservative judgement. In addition, the company has effective internal control to provide reasonable assurance toward the company's financial statements. The company's assets are controlled with good system, thus, there is no fraud and abnormal transactions. The related transactions which may create conflict of interest are all normal business transaction and provide maximum benefit to the company. What is more, the transactions are following related laws and regulation, which has been reported to the Board of Director by the Audit Committee, as well as reported in the annual report.

The Board of Director evaluates that the company's internal control is satisfied and could provide reasonable assurance of the company's financial statement ended 31 December 2019, which are reviewed according to the Thai Financial Reporting Standard. The auditor provides opinion that the statement of financial position and financial performance are presented fairly and in accordance with Thai Financial Reporting Standards.

13.2 Summary of independent auditors' report

Financial statements of 2019 was audited by Mrs. Kunlapee Piyawannasuth, Certified Public Accountant (Thailand) No. 6137 from EY Office Limited. The auditor conducted the financial statements, and gave an opinion that the financial position of Fortune Parts Industry Public Company Limited as at 31 December 2019, its financial performance and cash flows for the year ended are presented fairly and in accordance with Thai Financial Reporting Standards.

Financial statements of 2018 was audited by Ms. Manee Rattanabunnakit, Certified Public Accountant (Thailand) No. 5313 from EY Office Limited. The auditor conducted the financial statements, and gave an opinion that the financial position of Fortune Parts Industry Public Company Limited as at 31 December 2018, its financial performance and cash flows for the year are presented fairly and in accordance with Thai Financial Reporting Standards.

**Fortune Parts Industry Public Company Limited****Statement of financial position****As at 31 December 2019**

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	equity method is applied			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets				
Current assets				
Cash and cash equivalents	184,887,939	87,940,212	184,887,939	87,940,212
Trade and other receivables	733,675,759	678,062,472	733,675,759	678,062,472
Inventories	406,871,297	434,605,040	406,871,297	434,605,040
Other current assets	34,853,775	47,739,891	34,853,775	47,739,891
Total current assets	<u>1,360,288,770</u>	<u>1,248,347,615</u>	<u>1,360,288,770</u>	<u>1,248,347,615</u>
Non-current assets				
Investments in joint ventures	299,920,721	294,157,879	322,226,214	300,176,214
Property, plant and equipment	1,079,575,823	1,002,744,808	1,079,575,823	1,002,744,808
Intangible assets	3,450,087	650,032	3,450,087	650,032
Deferred tax assets	14,193,176	6,682,116	14,193,176	6,682,116
Other non-current assets	641,700	887,600	641,700	887,600
Total non-current assets	<u>1,397,781,507</u>	<u>1,305,122,435</u>	<u>1,420,087,000</u>	<u>1,311,140,770</u>
Total assets	<u><u>2,758,070,277</u></u>	<u><u>2,553,470,050</u></u>	<u><u>2,780,375,770</u></u>	<u><u>2,559,488,385</u></u>



Fortune Parts Industry Public Company Limited

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Financial statements in which			
	equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	583,226,239	378,114,460	583,226,239	378,114,460
Trade and other payables	294,648,531	274,470,533	294,648,531	274,470,533
Current portion of long-term loans	98,218,439	93,999,012	98,218,439	93,999,012
Income tax payable	30,322,775	7,299,737	30,322,775	7,299,737
Short-term provision	2,190,209	2,046,238	2,190,209	2,046,238
Other current liabilities	16,704,614	18,651,134	16,704,614	18,651,134
Total current liabilities	1,025,310,807	774,581,114	1,025,310,807	774,581,114
Non-current liabilities				
Long-term loans, net of current portion	89,773,854	84,173,440	89,773,854	84,173,440
Provision for long-term employee benefits	27,424,435	17,214,255	27,424,435	17,214,255
Total non-current liabilities	117,198,289	101,387,695	117,198,289	101,387,695
Total liabilities	1,142,509,096	875,968,809	1,142,509,096	875,968,809

**Fortune Parts Industry Public Company Limited****Statement of financial position (continued)****As at 31 December 2019**

(Unit: Baht)

	Note	Financial statements in which			
		equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
1,514,638,167 ordinary shares of Baht 0.25 each		378,659,542	378,659,542	378,659,542	378,659,542
Issued and fully paid-up					
1,513,029,934 ordinary shares of Baht 0.25 each					
(2017: 1,268,016,959 ordinary shares of					
Baht 0.25 each)	18	378,257,484	378,257,484	378,257,484	378,257,484
Share premium	18	745,079,451	745,079,451	745,079,451	745,079,451
Advance from share subscription		(102,984,446)	-	(102,984,446)	-
Retained earnings					
Appropriated-statutory reserve	19	39,573,191	39,573,191	39,573,191	39,573,191
Appropriated - treasury shares reserve		102,984,446		102,984,446	
Unappropriated		475,164,044	526,118,859	474,956,548	520,609,450
Other components of shareholders' equity		(22,512,989)	(11,527,744)	-	-
Total shareholders' equity		1,615,561,181	1,677,501,241	1,637,866,674	1,683,519,576
Total liabilities and shareholders' equity		2,758,070,277	2,553,470,050	2,780,375,770	2,559,488,385

**Fortune Parts Industry Public Company Limited****Income statement****For the year ended 31 December 2019**

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	equity method is applied			
	2019	2018	2019	2018
Revenues	2,054,657,761	1,891,782,047	2,054,657,761	1,891,782,047
Sales	821,258	1,097,658	821,258	1,097,658
Service income	-	9,336,674	-	9,336,674
Export incentive	1,005,251	-	1,005,251	-
Other income	16,703,789	17,518,953	16,703,789	17,518,953
Total revenues	2,073,188,059	1,919,735,332	2,073,188,059	1,919,735,332
Expenses				
Cost of sales	1,647,248,933	1,571,713,606	1,647,248,933	1,571,713,606
Cost of services	582,416	797,979	582,416	797,979
Selling expenses	58,302,058	53,233,588	58,302,058	53,233,588
Administrative expenses	109,935,931	128,114,473	109,935,931	128,114,473
Allowance for doubtful accounts (reversal)	7,384,073	5,286,428	7,384,073	5,286,428
Allowance for diminution in value of inventories (reversal)	630,390	(15,065,885)	630,390	(15,065,885)
Total expenses	1,824,083,801	1,744,080,189	1,824,083,801	1,744,080,189
Profit before share of profit (loss) from investments in associates and joint ventures, finance cost and income tax expenses	249,104,258	175,655,143	249,104,258	175,655,143
Share of profit from investments in associates	243,802,345	172,125,840	249,104,258	175,655,143
Share of profit (loss) from investments in joint ventures	(20,726,014)	(26,686,723)	(20,726,014)	(26,686,723)
Profit before finance cost and income tax expenses	223,076,331	145,439,117	228,378,244	148,968,420
Finance cost	(36,286,402)	(19,888,871)	(36,286,402)	(19,888,871)
Profit before income tax expenses	186,789,929	125,550,246	192,091,842	129,079,549
Income tax expenses				
Profit for the year				
Earnings per share				
Basic earnings per share				
Profit for the year	0.13	0.09	0.13	0.09

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

**Fortune Parts Industry Public Company Limited****Statement of comprehensive income****For the year ended 31 December 2019**

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	equity method is applied			
	2019	2018	2019	2018
Profit for the year	186,789,929	125,550,246	192,091,842	129,079,549
Other comprehensive income				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Share of other comprehensive income from investments in joint ventures	(10,985,245)	(11,527,744)	-	-
Actuarial loss	(1,074,820)	-	(1,074,820)	-
Less: Income tax effect	214,964	-	214,964	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(859,856)	-	(859,856)	-
Other comprehensive income for the year	(11,845,101)	(11,527,744)	(859,856)	-

**Fortune Parts Industry Public Company Limited****Cash flows statement****For the year ended 31 December 2019**

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	equity method is applied			
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	223,076,331	145,439,117	228,378,244	148,968,420
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	211,461,534	214,108,368	211,461,534	214,108,368
Allowance for doubtful accounts	7,384,073	5,286,428	7,384,073	5,286,428
Reduction of inventory to net realisable value (reversal)	630,390	(15,065,885)	630,390	(15,065,885)
Gain on sales of equipment	(5,377,562)	(7,020,441)	(5,377,562)	(7,020,441)
Share of loss from investments in joint ventures	5,301,913	3,529,303	-	-
Short-term provision	612,826	825,281	612,826	825,281
Provision for long-term employee benefits	9,250,629	3,365,977	9,250,629	3,365,977
Unrealised loss (gain) on exchange	1,668,777	(23,102)	1,668,777	(23,102)
Interest expenses	16,049,212	22,282,395	16,049,212	22,282,395
Profit from operating activities before changes in operating assets and liabilities	470,058,123	372,727,441	470,058,123	372,727,441
Operating assets decrease (increase)				
Trade and other receivables	(79,466,704)	36,464,700	(79,466,704)	36,464,700
Inventories	27,103,354	10,185,745	27,103,354	10,185,745
Other current assets	12,886,116	14,959,972	12,886,116	14,959,972
Other non-current assets	245,900	(237,900)	245,900	(237,900)
Operating liabilities increase (decrease)				
Trade and other payables	10,828,717	(2,298,898)	10,828,717	(2,298,898)
Other current liabilities	(1,047,034)	(4,729,209)	(1,047,034)	(4,729,209)
Cash paid for short-term provision	(468,855)	(2,368,441)	(468,855)	(2,368,441)
Provision for long-term employee benefits	(115,269)	-	(115,269)	-
Cash flows from operating activities	440,024,348	424,703,410	440,024,348	424,703,410
Cash paid for income tax	(20,559,460)	(16,663,820)	(20,559,460)	(16,663,820)
Net cash flows from operating activities	419,464,888	408,039,590	419,464,888	408,039,590

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

**Fortune Parts Industry Public Company Limited****Cash flows statement (continued)****For the year ended 31 December 2019**

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	equity method is applied			
	2019	2018	2019	2018
Cash flows from investing activities				
Cash paid for investments in joint ventures	(22,050,000)	(21,825,000)	(22,050,000)	(21,825,000)
Acquisition of plant and equipment and payment of payables for purchase of equipment	-295,835,294	(221,914,455)	(295,835,294)	(221,914,455)
Acquisition of intangible assets	(3,500,119)	(90,100)	(3,500,119)	(90,100)
Proceeds from sale of equipment	27,552,527	27,915,984	27,552,527	27,915,984
Net cash flows used in investing activities	(293,832,886)	(215,913,571)	(293,832,886)	(215,913,571)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	205,111,779	(600,726,829)	205,111,779	(600,726,829)
Cash receipt from long-term loans	128,514,505	127,331,215	128,514,505	127,331,215
Repayment of long-term loans	(109,451,126)	(106,985,522)	(109,451,126)	(106,985,522)
Cash paid for interest expenses	(15,974,545)	(22,213,306)	(15,974,545)	(22,213,306)
Dividend paid	(133,900,442)	(113,976,874)	(133,900,442)	(113,976,874)
Acquisition of treasury shares	(102,984,446)	-	(102,984,446)	-
Cash receipt from share subscriptions as warrants exercised	-	353,248,250	-	353,248,250
Net cash flows used in financing activities	(28,684,275)	(363,323,066)	(28,684,275)	(363,323,066)
Net increase (decrease) in cash and cash equivalents	96,947,727	(171,197,047)	96,947,727	(171,197,047)
Cash and cash equivalents at beginning of year	87,940,212	259,137,259	87,940,212	259,137,259
Cash and cash equivalents at end of year	184,887,939	87,940,212	184,887,939	87,940,212
Supplemental cash flows information				
Non-cash items				
Undue installments for asset purchases	12,970,140	3,669,451	12,970,140	3,669,451
Outstanding receivable from sale of assets	368,528	5,010,231	368,528	5,010,231
Transfers advance from share subscription to investments in joint ventures	-	51,723,500	-	51,723,500







Fortune Parts Industry Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2019

	Financial statements in which equity method is applied							Other comp
								shareholde
								Share of other
								comprehensive
	Issued and			Advance	Retained earnings			income from
paid-up			from share	Appropriated			investments in	
share capital	Share premium	Treasury shares	subscription	Statutory reserve	Treasury shares reserve	Unappropriated	joint ventures	
Balance as at 1 January 2018	317,004,240	316,306,745	-	136,777,700	39,573,191	-	514,545,487	-
Profit for the year	-	-	-	-	-	-	125,550,246	-
Other comprehensive income for the year	-	-	-	-	-	-	-	(11,527,744)
Total comprehensive income for the year	-	-	-	-	-	-	125,550,246	(11,527,744)
Additional ordinary shares issued	61,253,244	428,772,706	-	(136,777,700)	-	-	-	-
Dividend paid (Note 23)	-	-	-	-	-	-	(113,976,874)	-
Balance as at 31 December 2018	378,257,484	745,079,451	-	-	39,573,191	-	526,118,859	(11,527,744)
Balance as at 1 January 2019	378,257,484	745,079,451	-	-	39,573,191	-	526,118,859	(11,527,744)
Profit for the year	-	-	-	-	-	-	186,789,929	-
Other comprehensive income for the year	-	-	-	-	-	-	(859,856)	(10,985,245)
Total comprehensive income for the year	-	-	-	-	-	-	185,930,073	(10,985,245)
Additional ordinary shares issued (Note 18)	-	-	(102,984,446)	-	-	-	-	-
Dividend paid (Note 23)	-	-	-	-	-	-	(133,900,442)	-
Transferred unappropriated retained earnings								
to treasury shares reserve (Note 18)	-	-	-	-	-	102,984,446	(102,984,446)	-
Balance as at 31 December 2019	378,257,484	745,079,451	(102,984,446)	-	39,573,191	102,984,446	475,164,044	(22,512,989)



Fortune Parts Industry Public Company Limited
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Advance from share subscription	Retained earnings Appropriated- statutory reserve	Unappropriated	
Balance as at 1 January 2017	304,641,090	229,764,695	1,908,000	39,573,191	513,267,416	1,089,154,392
Profit for the year	-	-	-	-	189,788,674	189,788,674
Other comprehensive income for the year	-	-	-	-	(538,862)	(538,862)
Total comprehensive income for the year	-	-	-	-	189,249,812	189,249,812
Cash receipt from share subscription as warrants exercised (Note 18)	-	-	233,774,900	-	-	233,774,900
Additional ordinary shares issued	12,363,150	86,542,050	(98,905,200)	-	-	-
Dividend paid	-	-	-	-	(197,010,453)	(197,010,453)
Balance as at 31 December 2017	317,004,240	316,306,745	136,777,700	39,573,191	505,506,775	1,315,168,651
Balance as at 1 January 2018	317,004,240	316,306,745	136,777,700	39,573,191	505,506,775	1,315,168,651
Profit for the year	-	-	-	-	129,079,549	129,079,549
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	129,079,549	129,079,549
Additional ordinary shares issued	61,253,244	428,772,706	(136,777,700)	-	-	353,248,250
Dividend paid	-	-	-	-	(113,976,874)	(113,976,874)
Balance as at 31 December 2018	378,257,484	745,079,451	-	39,573,191	520,609,450	1,683,519,576

Fortune Parts Industry Public Company Limited***Notes to financial statements*****For the year ended 31 December 2019****1. General information**

Fortune Parts Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of the automotive replacement parts and dipping and painting services. The registered office of the Company is at 11/22 Moo 20, Nimitmai Road, Lamlukka, Pathumthani.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

The separate financial statements present investments in associates and joint ventures under the cost method.

3. New financial reporting standards**(a) Financial reporting standards that became effective in the current year**

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

TFRS 15 Revenue from Contracts with Customers

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

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
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

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

The Company adopted this financial reporting standard without any material affecting to the Company's financial statements except for transportation expenses which are able to be collected from certain customers. Therefore, the Company presented such expenses net from sales, which previously recognised them as transportation expenses which included as selling and distribution expenses in income statements.

The Company reclassified the accounts in income statement for the year ended 31 December 2018 to conform with the classification in current period as below, for comparison purpose without any affecting to profit or shareholders' equity previously reported.

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	report
Income statement				
Sales	1,891,782	1,939,125	1,891,782	1,939,125
Selling and distribution expenses	53,234	100,577	53,234	100,577

2. Related party transactions

The relationships between the Company and its related person or related parties are summarised below.

Name of related person or related parties	Relationship
Safe Energy Holdings Co., Ltd.	Joint venture
FORTUNE-PARTS INDUSTRY ECUADOR CIA LTDA	Joint venture
ALP FPI PARTS PRIVATE LIMITED	Joint venture
Sangthong Auto Partsworld Co., Ltd.	Company owned by related person of the Company's management
Fortune Box Industry Co., Ltd.	Company owned by related person of the Company's management
United Auto Co., Ltd.	Company owned by related person of the Company's management
EMP Innovation Co., Ltd.	Company owned by related person of the Company's management
S.C.G. Industry Co., Ltd.	Common director and shareholding
Super Central Gas Co., Ltd.	Common director and shareholding
K-Mart Service Co., Ltd.	Common director and shareholding
S C G Hatairath Co., Ltd.	Common director and shareholding
Imperial Cable Industry Co., Ltd.	Common shareholding

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

(Unit: Thousand Baht)

	Financial statements in which equity method is applied and Separate financial statements		
	2019	2018	Transfer pricing policy
<u>Transactions with related person and parties</u>			
Sales			
ALP FPI PARTS PRIVATE LIMITED	10,511	17,387	Products: Market price; Mould: Purchase price plus margin 10%
Sangthong Auto Partsworld Co., Ltd.	49,718	52,070	In the range of the average selling price in Asia or within 15% of competitor's selling price
Fortune Box Industry Co., Ltd.	23	23	Selling price within 10% of competitor's selling price
Total	60,252	69,480	
Purchases of goods			
Sangthong Auto Partsworld Co., Ltd.	32,301	37,892	OEM: Within (plus or minus) 5% of the prices of other suppliers; Other products: purchased at prices (plus or minus) 20% of the price of other suppliers
Fortune Box Industry Co., Ltd.	27,472	27,340	Purchased at prices of other suppliers to 6% lower than those for other suppliers
S.C.G. Industry Co., Ltd.	1,195	1,310	Purchased at prices (plus or minus) 2% of the prices of other suppliers
Imperial Cable Industry Co., Ltd.	171	11	Market price
Total	61,139	66,553	
Interest income			
Safe Energy Holdings Co., Ltd	1,173	291	7 percent per annum
Total	1,173	291	
Other expenses			
K-Mart Service Co., Ltd.	71	280	Market price

(Unit: Thousand Baht)

	Financial statements in which equity method is applied and Separate financial statements		Transfer pricing policy
	2019	2018	
S C G Hatairath Co., Ltd.	318	343	Market price
S.C.G. Industry Co., Ltd.	112	5	Market price
Super Central Gas Co., Ltd.	32	149	Market price
Sangthong Auto Partsworld Co., Ltd.	5	-	Market price
Total	538	777	

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

(Unit: Thousand Baht)

	Financial statements in which method is applied and Separate financial statements	
	2019	2018
<u>Trade receivable - related parties</u> (Note 8)		
Sangthong Auto Partsworld Co., Ltd.	17,487	25,521
ALP FPI PARTS PRIVATE LIMITED	1,467	6,642
EMP Innovation Co., Ltd.	1,727	6,472
United Auto Co., Ltd.	-	6,225
Fortune Box Industry Co., Ltd.	4	2
Total	20,685	44,862
Less: Allowance for doubtful accounts	(55)	(353)
Net	20,630	44,509
<u>Other receivable - related parties</u> (Note 8)		
Safe Energy Holdings Co., Ltd.	31,591	35,496
ALP FPI PARTS PRIVATE LIMITED	451	26
Total	32,042	35,522
Less: Allowance for doubtful accounts	(8)	-
Net	32,034	35,522
<u>Trade payables - related parties</u> (Note 13)		
Sangthong Auto Partsworld Co., Ltd.	6,399	5,602
Fortune Box Industry Co., Ltd.	8,699	5,210
S.C.G. Industry Co., Ltd.	113	663



(Unit: Thousand Baht)	
Financial statements in which equity method is applied and Separate financial statements	
2019	2018
Imperial Cable Industry Co., Ltd.	
78	-
15,829	11,475
<u>Other payables - related parties (Note 13)</u>	
FORTUNE-PARTS INDUSTRY ECUADOR	
CIA LTDA	
7,776	8,361
K-Mart Service Co., Ltd.	
-	48
S C G Hatairath Co., Ltd.	
66	55
Super Central Gas Co., Ltd.	
35	34
7,877	8,498

Safe Energy Holdings Company Limited received an advance of Baht 14 million (2018: Baht 16 million) from the Company. The Company charged interest at the rate of 7.0 percent per annum (2018: 7.5 percent per annum)

Directors and management's benefits

During the years, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)	
Financial statements in which equity method is applied and Separate financial statements	
2019	2018
Short-term employee benefits	
35,904	30,623
Post-employment benefits	
3,627	1,035
39,531	31,658

3. Cash and cash equivalents

(Unit: Thousand Baht)	
Financial statements in which equity method is applied and Separate financial statements	
2019	2018
Cash	
150	150
Bank deposits	
184,738	87,790

Total	184,888	87,940
-------	---------	--------

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.10% and 0.625% per annum (2018: between 0.10% and 0.375% per annum).

4. Trade and other receivables

(Unit: Thousand Baht)

Financial statements in which
equity method is applied and
Separate financial statements

	2019	2018
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	12,377	10,808
Past due		
Up to 3 months	6,111	18,329
6 - 12 months	470	3,028
Over 12 months	1,727	12,697
Total trade receivables - related parties	20,685	44,862
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	438,517	358,005
Past due		
Up to 3 months	150,746	135,706
3 - 6 months	35,042	42,401
6 - 12 months	42,296	54,080
Over 12 months	24,569	14,229
Total trade receivables - unrelated parties	691,170	604,421
Total trade receivable	711,855	649,283
Less: Allowance for doubtful accounts	(26,216)	(18,920)
Total trade receivables - net	685,639	630,363
<u>Other receivables</u>		
Other receivables - related parties	32,042	35,522
Other receivables - unrelated parties	2,966	1,157
Other receivables from selling equipment	368	5,010
Revenue department receivable	12,753	6,014
Total	48,129	47,703

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied and Separate financial statements	
	2019	2018
Less: Allowance for doubtful accounts	(92)	(4)
Total other receivables - net	48,037	47,699
Total trade and other receivables - net	733,676	678,062

5. Inventories

	(Unit: Thousand Baht)					
	Financial statements in which equity method is applied and Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods						
(included trading goods)	332,252	346,381	(32,072)	(32,608)	300,180	313,773
Work in process	31,932	37,271	(5,902)	(6,317)	26,030	30,954
Raw materials	74,031	82,031	(15,826)	(14,440)	58,205	67,591
Packaging materials and supplies	24,957	24,593	(2,501)	(2,306)	22,456	22,287
Total	463,172	490,276	(56,301)	(55,671)	406,871	434,605

During the current year, the Company recorded the write-down of cost of inventories by Baht 18 million (2018: Baht 18 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 17 million (2018: Baht 33 million) by net of the amount of inventories recognised as expenses during the year.

6. Investments in joint ventures

6.1 Details of joint ventures

ALP FPI PARTS PRIVATE LIMITED

On 19 March 2019, the Extra-Ordinary General Meeting of ALP FPI PARTS PRIVATE LIMITED passed a resolution increasing its registered share capital from INR 420 million to INR 520 million by issuing convertible preferred shares, with the Company's shareholding structure remaining unchanged. Each preferred share is convertible to ordinary share in a ratio of 1:1. The Company already made share payments amounting to INR 45 million (or equivalent Baht 22 million) during the second quarter of current year.

The Board of Directors' Meeting held on 13 November 2019 passed a resolution approving the purchase of share capital in ALP FPI PARTS PRIVATE LIMITED from two former shareholders which is not related transaction. Details are as follows.

- ALP OVERSEAS PVT. LTD.; 4,125,000 ordinary shares and 2,600,000 preference shares (13% of ALP FPI PARTS PRIVATE LIMITED's registered share capital), at the price of INR 8.64 per share, totaling INR 58 million.
- ALP Polymers Park Private Limited; 13,241,649 ordinary shares and 8,400,000 preference shares (42% of ALP FPI PARTS PRIVATE LIMITED's registered share capital), at the price of INR 8.64 per share, totaling INR 187 million.

The total value is INR 245 million, The Company paid for such share capital on 22 January 2020.

6.2 Details of investments in joint ventures

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Shareholding percentage		Financial statements in which equity method is applied		Separate financial statements	
					Carrying amounts based on equity method		Carrying amounts based on cost method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Safe Energy Holdings Co., Ltd.	Invest in the biomass power plant business	Thailand	33.37	33.37	225,947	213,169	193,876	193,876
ALP FPI PARTS PRIVATE LIMITED	Manufacture and distribution of the automotive replacement parts	India	45.00	45.00	67,667	74,298	121,033	98,983
FORTUNE-PARTS INDUSTRY ECUADOR CIA LTDA	Manufacture and distribution of the automotive replacement parts	Ecuador	45.00	45.00	6,307	6,691	7,317	7,317
Total					299,921	294,158	322,226	300,176

6.3 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investments in the joint ventures in the financial statements in which the equity method as follows and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Joint ventures	Financial statements in which equity method is applied				Separate financial statements	
	Share of profit (loss) from investments in joint ventures during the years		Share of other comprehensive income from investments in joint ventures during the years		Dividend received during the years	
	2019	2018	2019	2018	2019	2018
Safe Energy Holdings Co., Ltd.	12,778	6,834	-	-	-	-
ALP FPI PARTS PRIVATE LIMITED	(18,189)	(10,434)	(10,492)	(11,620)	-	-
FORTUNE-PARTS INDUSTRY						
ECUADOR CIA LTDA	110	71	(494)	92	-	-
Total	(5,302)	(3,529)	(10,985)	(11,528)	-	-

Financial statements of FORTUNE-PARTS INDUSTRY ECUADOR CIA LTDA were prepared by its managements and had not yet been audited by its auditor. However, the management believes that there would be no material differences if the financial statements has been audited by the auditor.

6.4 Summarised financial information about material joint ventures

Summarised information about financial position

	(Unit: Million Baht)			
	Safe Energy Holdings Co., Ltd.		ALP FPI PARTS PRIVATE LIMITED	
	2019	2018	2019	2018
Current assets	195	203	49	64
Non-current assets	816	829	251	269
Current liabilities	(174)	(183)	(82)	(69)
Non-current liabilities	(136)	(183)	(66)	(99)
Net assets	701	666	152	165
<u>Less non-controlling interests</u>	(21)	(27)	-	-
	680	639	152	165
Shareholding percentage (%)	33.37	33.37	45.00	45.00
Carrying amounts of joint ventures based on equity method	226	213	68	74

Summarised information about comprehensive income

(Unit: Million Baht)



	Safe Energy Holdings		ALP FPI PARTS	
	Co., Ltd.		PRIVATE LIMITED	
	For the years ended 31 December			
	2019	2018	2019	2018
Revenue	252	224	59	101
Depreciation and amortization	(49)	(44)	(12)	(9)
Interest expense	(13)	(10)	(11)	(11)
Income tax expense	(3)	3	-	3
Others	(161)	(153)	(74)	(107)
Profit (loss)	32	20	(38)	(23)
Other comprehensive income	-	-	-	-
Total comprehensive income	32	20	(38)	(23)

7. Property, plant and equipment

(Unit: Thousand Baht)

Financial statements in which equity method is applied and Separate financial statements									
	Land	Land improvement	Factory and office buildings	Machinery and equipment	Moulds and printing blocks	Fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost									
1 January 2018	112,422	15,864	419,172	708,057	1,742,243	60,383	31,036	47,101	3,136,278
Additions	12,705	-	1	19,067	130,224	1,166	1,530	48,424	213,117
Disposals/write-off	-	-	-	(2,303)	(15,867)	(100)	-	-	(18,270)
Transfer in/(transfer out)	-	-	16,320	35,109	15,585	-	-	(67,014)	-
31 December 2018	125,127	15,864	435,493	759,930	1,872,185	61,449	32,566	28,511	3,331,125
Additions	-	-	4	46,861	128,679	789	4,868	123,934	305,135
Disposals/write-off	-	-	-	(24,475)	(17,183)	(3)	(1,550)	-	(43,211)
Transfer in/(transfer out)	-	-	13,787	10,421	11,643	-	81	(35,932)	-
31 December 2019	125,127	15,864	449,284	792,737	1,995,324	62,235	35,965	116,513	3,593,049
Accumulated depreciation									
1 January 2018	-	(10,851)	(131,369)	(534,576)	(1,371,586)	(43,214)	(24,061)	-	(2,115,657)
Depreciation for the year	-	(793)	(21,603)	(59,840)	(121,891)	(6,919)	(2,525)	-	(213,571)
Depreciation on disposals/write-off	-	-	-	145	612	91	-	-	848
31 December 2018	-	(11,644)	(152,972)	(594,271)	(1,492,865)	(50,042)	(26,586)	-	(2,328,380)
Depreciation for the year	-	(794)	(22,003)	(53,465)	(125,647)	(6,223)	(2,629)	-	(210,761)
Depreciation on disposals/write-off	-	-	-	22,827	1,724	3	1,114	-	25,668
31 December 2019	-	(12,438)	(174,975)	(624,909)	(1,616,788)	(56,262)	(28,101)	-	(2,513,473)
Net book value									
31 December 2018	125,127	4,220	282,521	165,659	379,320	11,407	5,980	28,511	1,002,745
31 December 2019	125,127	3,426	274,309	167,828	378,536	5,973	7,864	116,513	1,079,576
Depreciation for the year									

2018 (Baht 203 million included in cost of sales and cost of services, and the remaining balance in administrative expenses)	213,571
2019 (Baht 201 million included in cost of sales and cost of services, and the remaining balance in administrative expenses)	210,761

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,741 million (2018: Baht 1,609 million).

The Company has mortgaged certain property, plant and equipment amounting to approximately Baht 93 million (2018: Baht 101 million) as collateral against credit facilities received from financial institutions, as discussed in Note 12 and Note 14.

8. Short-term loans from financial institutions

(Unit: Thousand Baht)			
Financial statements in which equity method is applied and Separate financial statements			
	Interest rate (% per annum)	2019	2018
Short-term loans - letters of credit	1.98 to 2.50	358,674	227,945
Short-term loans - packing credit	1.65 to 1.98	224,552	150,169
Total		583,226	378,114

Short-term loans from financial institutions are secured by the mortgage of certain land with premises thereon and certain machinery and equipment of the Company.

9. Trade and other payables

(Unit: Thousand Baht)		
Financial statements in which equity method is applied and Separate financial statements		
	2019	2018
Trade payables - related parties	15,289	11,475
Trade payables - unrelated parties	184,681	184,974
Other payables - related parties	7,877	8,498
Other payables - unrelated parties	33,758	29,905
Other payables for purchase of equipment	12,970	3,669
Accrued expenses	40,074	35,950
Total trade and other payables	294,649	274,471

10. Long-term loans

			(Unit: Thousand Baht)	
			Financial statements in which equity method is applied and Separate financial statements	
	Interest rate (% per annum)	Repayment schedule	2019	2018
Facility 1	LIBOR + 1.50	Monthly installments of principal and interest amounting to not less than USD 305,992 each (2018: USD 278,150 each)	187,992	178,172
Less: Current portion			(98,218)	(93,999)
Long-term loans, net of current portion			89,774	84,173

Long-term loans are secured by the mortgage of certain land with premises thereon and certain machinery and equipment of the Company.

11. Short-term provision

		(Unit: Thousand Baht)	
		Financial statements in which equity method is applied and Separate financial statements	
		Provision for product warranty	
1 January 2018		3,589	
Increase during the year		825	
Utilised		(2,368)	
31 December 2018		2,046	
Increase during the year		613	
Utilised		(469)	
31 December 2019		2,190	

12. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

		(Unit: Thousand Baht)	
		Financial statements in which equity method is applied and Separate financial statements	
		2019	2018

Provision for long-term employee benefits

at beginning of year	17,214	13,848
Included in profit or loss		
Current service cost	4,441	3,020
Interest cost	510	346
Post service cost	4,300	-
Included in other comprehensive income		
Actuarial (gain) loss arising from		
Demographic assumption changes	1,527	-
Financial assumption changes	1,260	-
Experience adjustments	(1,713)	-
Benefit paid during the year	(115)	-
Provision for long-term employee benefits		
at end of year	<u>27,424</u>	<u>17,214</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied and Separate financial statements	
	2019	2018
Cost of sales and cost of services	4,596	1,810
Administrative expenses	4,655	1,556
Total expenses recognised in profit or loss	<u>9,251</u>	<u>3,366</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 4 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Company expects to pay baht 0.6 million of long-term employee benefits during the next year (2018: none).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9.82 years (2018: 9.69 years).

Significant actuarial assumptions are summarised below.

	(Unit: % per annum)	
	Financial statements in which equity method is applied and Separate financial statements	
	2019	2018
Discount rate	1.52	2.50
Salary increase rate	5.00	5.50
Turnover rate	0 - 37	0 - 39

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation are summarised below.

	(Unit: Thousand Baht)			
	Financial statements in which equity method is applied and Separate financial statements			
	As at 31 December			
	2019		2018	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(2,437)	2,796	(1,995)	2,287
Salary increase rate	2,597	(2,317)	2,427	(2,151)
Turnover rate	(2,679)	1,820	(2,229)	1,543

13. Share capital

On 22 April 2019, the Annual General Meeting of the Company's shareholders approved decrease in the registered share capital from amount of Baht 378,659,541.75 to Baht 378,257,483.50 by decreasing the remaining 1,608,233 ordinary shares from the allocation of the additional common stock to facilitate the exercising of the warrant to

purchase new ordinary shares (FPI-W1) at par value of Baht 0.25 per share, totaling Baht 402,058.25. The Company registered the reduction of registered share capital with the Ministry of Commerce on 10 May 2019.

14. Treasury shares/appropriated retained earnings for treasury shares reserve

On 6 February 2019, the Board of Directors of the Company approved a share repurchase program for financial management propose with a budget of up to Baht 150 million, to repurchase no more than 40 million shares (par value of Baht 0.25 each), which accounts for not more than 2.64 percent of the total number of shares in issue. The shares are to be repurchased on the Stock Exchange of Thailand from 22 February 2019 to 21 August 2019. The share resale period is determined after 6 months from the completion date of share repurchase but no later than 3 years.

During the year, the Company has purchased back 40 million ordinary shares (par value of Baht 0.25 each), or 2.64 percent of total number of shares in issue, a total of Baht 102.98 million and the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 102.98 million.

15. Statutory reserve

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

16. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied and Separate financial statements	
	2019	2018
Cost of trading goods	571,801	576,246
Raw materials and consumables used	579,421	554,357
Salaries, wages and other employee benefits	253,592	235,701
Depreciation and amortisation	211,462	214,108

Freight charges	46,408	38,402
Changes in work in process	5,340	(10,648)

17. Income tax

Income tax expenses are made up as follows:

		(Unit: Thousand Baht)	
		Financial statements in which equity method is applied and Separate financial statements	
		2019	2018
Current income tax			
Current income tax charge		43,582	19,774
Deferred tax			
Relating to origination and reversal of temporary differences		(7,296)	115
Income tax expenses reported in profit or loss		36,286	19,889

The amounts of income tax relating to each component of other comprehensive income are as follows:

		(Unit: Thousand Baht)	
		Financial statements in which equity method is applied and Separate financial statements	
		2019	2018
Deferred tax on actuarial loss		(215)	-
		(215)	-

The reconciliation between accounting profit and income tax expenses is shown below.

		(Unit: Thousand Baht)			
		Financial statements in which equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Accounting profit before tax		223,076	145,439	228,378	148,968

Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied				
by income tax rate	44,615	29,088	45,676	29,794
Effect of				
Share of loss from investments				
in joint ventures	1,061	706	-	-
Non-deductible expenses	2,908	1,949	2,908	1,949
Additional expense deductions allowed	(11,891)	(11,584)	(11,891)	(11,584)
Other	(407)	-	(407)	-
Total	(8,329)	(9,199)	(9,390)	(9,905)
Income tax expenses reported in				
profit or loss	36,286	19,889	36,286	19,889

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

(Unit: Thousand Baht)

	Financial statements in which equity method is applied and Separate financial statements	
	Statements of financial position as at 31 December	
	2019	2018
Deferred tax assets		
Allowance for diminution of inventories	11,260	11,134
Provision for long-term employee benefits	5,485	3,443
Provision for product warranty	438	409
Allowance for doubtful accounts	91	91
Total	17,274	15,077
Deferred tax liabilities		
Deferred revenue from customs duty	3,081	8,095
Adjustment from revaluation according to forward exchange contracts	-	300
Total	3,081	8,395
Net	14,193	6,682

18. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	Financial statements in which equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	186,790	125,550	192,092	129,080
Weighted average number of ordinary shares (Thousand share)	1,490,272	1,436,518	1,490,272	1,436,518
Earnings per share (Baht)	0.13	0.09	0.13	0.09

19. Dividend paid

Dividends	Approved by	Number of shares (Thousand shares)	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2017	Annual General Meeting of the shareholders on 25 April 2018	1,336,406	53,456	0.04
Interim dividends from the retained earnings and operating results for the six-month period ended 30 June 2018	Board of Directors' Meeting on 14 August 2018	1,513,030	60,521	0.04
Total dividends for the year 2018			113,977	0.08
Dividends for 2018	Annual General Meeting of the shareholders on 22 April 2019	1,506,224	60,249	0.04
Interim dividends from the retained earnings and operating results for the six-month period ended 30 June 2019	Board of Directors' Meeting on 13 August 2019	1,473,030	73,652	0.05
Total dividends for the year 2019			133,901	0.09

20. Segment information

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

For management purposes, the Company is organised into business units based on its products and services and has three reportable segments as follows:

- Domestic sales, which manufacture and domestic distribution of automotive parts and equipment
- Export sales, which manufacture and overseas distribution of automotive parts and equipment
- Services from dipping and painting

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue and profit information regarding the Company's operating segments.

(Unit: Thousand Baht)

	For the years ended 31 December							
	Domestic sales		Export sales		Services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	361,342	293,536	1,693,316	1,598,246	821	1,098	2,055,479	1,892,880
Segment income	110,540	50,124	296,238	285,010	239	300	407,017	335,434
Other income							17,709	26,855
Selling and distribution expenses							(58,302)	(53,233)
Administrative expenses							(117,320)	(133,401)
Share of loss from investments in joint ventures which recorded by equity method							(5,302)	(3,529)
Finance cost							(20,726)	(26,687)
Income tax expenses							(36,286)	(19,889)
Profit for the year							186,790	125,550

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	Financial statements in which equity method is applied and Separate financial statements	
	2019	2018
Revenue from external customers		
Thailand	362,163	294,634
Saudi Arabia	504,162	346,118
Others	1,189,154	1,252,128
Total	2,055,479	1,892,880

Major customers

For the years 2019 and 2018, the Company has no major customer with revenue of 10% or more of an entity's revenues.

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Krungsri Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 2 million (2018: Baht 2 million) were recognised as expenses.

22. Commitments and contingent liabilities

22.1 Capital commitments

As at 31 December 2019, the Company had capital commitments of approximately Baht 28 million (2018: Baht 20 million), relating to the construction of factory and office buildings and the acquisition of equipment.

22.2 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 6 million (2018: Baht 6 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the business to guarantee electricity use.

23. Financial instruments

23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans from financial institutions, trade and other payables and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

	Financial statements in which equity method is applied and Separate financial statements				
	As at 31 December 2019				
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	185	-	185	0.10 - 0.625
Trade and other receivables	14	-	720	734	7.00
Total	14	185	720	919	
Financial liabilities					
Short-term loans from financial institutions	224	359	-	583	1.65 - 2.50
Trade and other payables	-	-	295	295	-
Long-term loans	-	188	-	188	LIBOR + 1.5

Total	224	547	295	1,066
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(Unit: Million Baht)

Financial statements in which equity method is applied and Separate financial statements					
As at 31 December 2018					
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	88	-	88	0.10 - 0.375
Trade and other receivables	16	-	662	678	7.50
Total	16	88	662	766	
Financial liabilities					
Short-term loans from financial institutions	150	228	-	378	2.10 - 2.15 and MMR
Trade and other payables	-	-	274	274	-
Long-term loans	-	178	-	178	LIBOR + 1.5
Total	150	406	274	830	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

As at 31 December 2019			
Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate (Baht per 1 foreign currency unit)
USD	20	7	30.11
INR	23	-	0.41

As at 31 December 2018			
Foreign currency	Financial assets	Financial liabilities	Average exchange rate

	(Million)	(Million)	(Baht per 1 foreign currency unit)
USD	18	6	32.40

Forward exchange contracts outstanding are summarised below.

As at 31 December 2019

Foreign currency	Sold		Contractual maturity date
	amount	Contractual exchange rate	
	(Million)	(Baht per 1 foreign currency unit)	
Forward contracts to sell			
USD	1	30.21 - 30.48	January - February 2020
Put currency			
USD	32	30.30 - 31.60	January - April 2020

As at 31 December 2018

Foreign currency	Sold		Contractual maturity date
	amount	Contractual exchange rate	
	(Million)	(Baht per 1 foreign currency unit)	
Forward contracts to sell			
USD	3	32.57 - 32.98	January - March 2019

23.2 Fair values of financial instruments

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

24. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the financial statements in which the equity method is applied's debt-to-equity ratio was 0.71:1 (2018: 0.52:1) and the Company's debt-to-equity ratio was 0.70:1 (2018: 0.52:1).

25. Event after the reporting period

25.1 On 22 January 2020, the Company acquired share capital in ALP FPI PARTS PRIVATE LIMITED, a joint venture, from two former shareholders as mentioned in Note 10.1 to the

financial statements. The total value is INR 245 million (approximately Baht 109 million). After the transaction was executed, the Company owned 100% of such company's share capital and obtained control. Its status has been changed from a joint venture to a subsidiary in 2020.

25.2 On 24 February 2020, the Board of Directors of the Company passed the resolution to pay a dividend of Baht 0.045 per share from the retained earnings and operating results for the year 2019, totaling Baht 66.3 million. This resolution will be proposed to the Annual General Meeting of Shareholders for approval.

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.



13.3 Table for Major Financial Ratio

Financial Ratio	2018	2018
<u>Liquidity Ratio</u>		
Current Ratio	1.61	1.33
Quick Ratio	1.05	0.93
Receivable Turnover Ratio	2.77	2.91
Average Collection Period	131.89	125.34
Inventory Conversion Ratio	3.64	3.92
Inventory Conversion Period	100.31	93.19
Payable Turnover Ratio	5.62	5.79
Average Payment Period	64.99	63.03
Cash Cycle	167.20	155.51
<u>Profitability Ratio</u>		
Gross Margin	18.95	19.83
EBIDA Margin	19.81	22.18
EBIT Margin	8.93	12.02
Net Profit Ratio	6.56	9.35
Return on Equity	8.61	11.57
<u>Efficiency Ratio</u>		
Return on Asset	4.83	7.19
Asset Turnover	0.74	1.97
<u>Leveraging Ratio</u>		
Debt to Equity Ratio	0.52	0.70
Interest Coverage Ratio	6.58	12.02
Dividend Payout Ratio	95.00	72.85



Financial Ratio	2018	2019
<u>Cash Flow</u>		
Cash inflow (outflow) from operating activities	408.04	419.97
Cash inflow (outflow) from investing activities	(215.91)	(293.83)
Cash inflow (outflow) from financing activities	(363.32)	(28.68)
<u>Percentage of change</u>		
Percentage of change – Sales	-1.97	8.59
Percentage of change – Cost of Sales	3.10	4.79
Percentage of change – Total Revenue	-2.71	7.99
Percentage of change – Total Expense	1.23	4.59
Percentage of change – Net Profit	-31.99	48.82

14. Management Discussion and analysis

Executive Summary

In 2019, Fortune Parts Industry Public Company Limited had a net profit of Baht 192.09 million with earning per share (EPS) of Baht 0.13 per share which increased by 48.81 percent from the net profit Baht 129.08 million or Baht 0.09 per share in 2018.

Overall performance results of the Company for the year ended 31 December 2019, compared to the same period of the previous year

Overall performance results of the Company for the year ended 31 December 2019, compared to the same period of the previous year were highlighted as below

(Unit : Million Baht)

Separate financial statements

	2018	2019	% Change
Sales and Service Income	1,892.88	2,055.48	8.59
Cost of sales and Services	1,525.25	1,647.83	4.79
Selling and Administrative Expenses	171.57	176.25	2.73
Financial Cost	26.69	20.73	(22.33)
Net Profit	129.08	192.09	48.81

(Unit : Million Baht)

Financial statements in which equity method is applied

	2018	2019	% Change
Sales and Service Income	1,892.88	2,055.48	8.59
Cost of sales and Services	1,525.25	1,647.83	4.79
Selling and Administrative Expenses	171.57	176.25	2.73
Share of profit (loss) from investments	(3.53)	(5.30)	50.14
Financial Cost	26.69	20.73	(22.33)
Net Profit	125.55	186.79	48.81

Total Revenues

In 2019 and 2018, total revenues of the Company were Baht 2,073.19 million and Baht 1,919.74 million, respectively, which increased by Baht 153.45 million or increased by 7.99%. Sales and service income for 2019 amounted to Baht 2,055.48 million increased by Baht 162.60 million or increased by 8.59%. This was mainly due to the increased in export sales in Asian and The Middle East zones by Baht 138 million or increased by 17%. In prior year, these zones are facing economic problems. However, in this year, the sales soared as the economy is getting better and there is a higher demand of automotive parts in the country. Moreover, the domestic sales increased by Baht 68 million or increased by 23% from the sales of OEM of Toyota, Daihatsu, Mitsubishi and Mazda BT50. The company also sell products to the customer in Thailand who exports the product to Japan. What is more, the revenue in South America zone increased by 19% in which one of the main customers in South America expanded more branches and the new policy of the Company to sell products to only one customer in some country where the customer has high market shares in automotive product which lead to increase in the sales volume in this zone.

However, the Company's revenue was affected by the appreciation of exchange rate of 3.4% from an average of 32.06 per 1 Dollar in 2018 to 30.98 per 1 Dollar in 2019. Nevertheless, the Company could maintain the growth rate of revenue of 8.59%.

Cost of Sales and Services

In 2019 and 2018, total cost of sales and services of the Company, which is accounted for Baht 1,647.83 million and Baht 1,572.51 million, respectively, increased by Baht 75.32 million or 4.79%. This is mainly because of the increased in direct labor and overhead for manufacturing costs. However, the Company could manage to reduce the percentage of revenue and cost of sales comparing to the same period last year.

Selling and Administrative Expenses

For the period ended 31 December 2019, the Company's selling and administrative expenses increased by Baht 4.68 million or 2.73% from Baht 171.57 million 2018 to Baht 176.25 in 2019. The main reason is from the increase in selling expenses amounting to Baht 5.07 million which is in line with the increase in sales revenue. However, the percentage of selling and administrative expense and revenue in 2019 has declined comparing to 2018.

Financial Cost

In 2018 and 2019, the finance cost of the Company was Baht 20.73 million and Baht 26.69 million, respectively, which reduce by Baht 5.96 million or 22.33% because the Company could manage and obtain cheaper source of finance than the prior period.

Net Profit

In 2019 and 2018, net profit of the Company which were amounting to Baht 192.90 million and Baht 129.08 million, respectively, increased by Baht 63 million or increased by 48.81%. This was mainly because the increase in sales and service income, decrease in cost of sales, selling and administrative expense and finance cost. Furthermore, for period ended 31 December 2019, the Company has net profit of Baht 186.79 million which is more than the profit for the year ended 31 December 2019.

For Financial statements in which the equity method is applied in 2019 and 2018 have net profit of Baht 186.79 million and Baht 125.55 million, respectively which increased by Baht 61.24 million or increased 48.45%. For share of loss from investments in joint ventures in the period ended 31 December 2019, the balance of Baht 5.30 million and Baht 3.53 million respectively were described as followed:

1. SAFE Energy Holdings Company Limited ("SAFE") is the joint venture that the Company holds 33.37%. Currently, the project has commenced the operation of biomass gasification power plant of 7.5 MW of Prize of Wood Green Energy Co., Ltd. (PWGE). SAFE invests 99.99% in PWGE, 49% in Bina Puri Power (Thailand) Co., Ltd., and 100% in SAFE Biomass Co., Ltd. For the period ended 31 December 2019, the Company recognized the profit from investment in joint venture of Baht 12.78 million
2. FORTUNE-PARTS INDUSTRY ECUADOR CIA.LTDA., the joint venture of FPI, was held 45% by the Company. For period ended 31 December 2019, the Company recognized loss from investment in joint venture of Baht 0.11 million.
3. ALP FPI PARTS PRIVATE LIMITED. the Company holds 45% as a joint venture. The Company recognized loss from investment in joint venture of Baht 18.19 million in the period ended 31 December 2019.

Financial Position (in comparison to as of 31 December 2018)

Overall financial position of the Company as of 31 December 2019, compared to the statement of financial position as of 31 December 2018, the balance of total assets which were Baht 2,758 million and

Baht 2,553 million, respectively, increased by Baht 205 million, or increased by 8.03% due to the following reasons.

Total Assets

As at 31 December 2019, total assets were Baht 2,758 million, increased by Baht 205 million from the balance at the ended of 31 December 2018. This were mainly because the increase in trade receivable and other receivable and property, plant and equipment, and intangible assets increased as the company bought fixed assets and software to use in the operation during the period.

Total Liabilities

Total liabilities increased by Baht 267 million from Baht 1,143 million as at 31 December 2018 to Baht 876 million as at 31 December 2019. It was mainly because the increased in short-term loans from packing credit, letter of credit and trade payable of buying raw material for manufacturing, and accrued income tax.

Shareholders' Equity

As at 31 December 2019, shareholders' equity was Baht 1,616 million, which decreased by Baht 62 million from Baht 1,678 million as at 31 December 2018. This is mainly due to the net profit from operating for the period by Baht 186.79 million, treasury stock of Baht 103 million, and dividend payment of Baht 134 million.