



ANNUAL REPORT 2014

Fire Victor Public Company Limited

FIRE VICTOR



FIRE PROTECTION SYSTEM



FIRE PROTECTION PRODUCT



FIRE SUPPRESSION



www.firevictor.co.th

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Vision, Mission and Target

Vision

■ To be committed to carrying out the business of import and distribution of valves and equipment for fire protection system, valves and equipment for sanitary and air-conditioning system, and provision of firefighting system installation services, under the quality-focused policy of delivering standard and premium grade products to customers and one-stop product distribution and consultation services by skilled and professional engineers and sales teams to fulfill customers' needs and bring them highest satisfaction.

■ To develop shared values organization-wide in order to foster a pleasant work culture.

■ To build a proactive learning organization with the common goal of becoming the leader in the import and distribution of full-fledged air-conditioning and fire protection equipment to ensure maximum safety and convenience for the consumers.

Mission and Target

■ Strengthen good relationship with major customers consistently and continuously.

■ Expand the customer base to project contractors and industrial sectors, and focus more on small and medium enterprises, which are direct end-users of the products.

■ Expand the distribution markets to neighboring countries, namely Myanmar, Vietnam, Cambodia, and so on.

■ Expand the distribution markets to neighboring countries, namely Myanmar, Vietnam, Cambodia, and so on.



Key Financial Information

		2014	2013	2012
Financial Position	Unit			
Total Assets	Baht mil.	572.37	281.38	242.03
Total Liabilities	Baht mil.	111.84	105.67	99.86
Shareholders' Equity	Baht mil.	460.53	175.71	142.17

Operating Results				
Revenues from Sales and Services	Baht mil.	572.04	518.61	493.68
Total Revenues	Baht mil.	583.43	521.26	495.75
Costs of Sales and Services	Baht mil.	422.05	369.86	354.83
Gross Profit	Baht mil.	149.99	148.75	138.85
Net Profit	Baht mil.	60.61	61.16	58.95

Key Financial Ratios				
Return on Equity	%	19.05	38.48	43.28
Return on Assets	%	18.18	23.37	26.25
Gross Profit Margin	%	26.22	28.68	28.13
Net Profit Margin	%	10.39	11.73	11.89
Total Liabilities to Equity	Times	0.24	0.60	0.70
Asset Turnover	Times	1.37	1.99	2.21

Ordinary Shares				
Par Value per Share	Baht	0.50*	10.00	10.00
Book Value per Share	Baht	1.32	27.03	21.87
Dividend per Share	Baht	0.15	15.23	274.25
Earnings per Share	Baht	0.25	9.41	32.59

Note : * Changes in par value were registered from Baht 10.00 per share to Baht 1.00 per share on 22 May 2014, and from Baht 1.00 per share to Baht 0.50 per share on 22 September 2014.

Message from the Board of Directors



Mr. Parkphum Wongpaitoon

Chairman of the Board



Mr. Wirat Sukchai

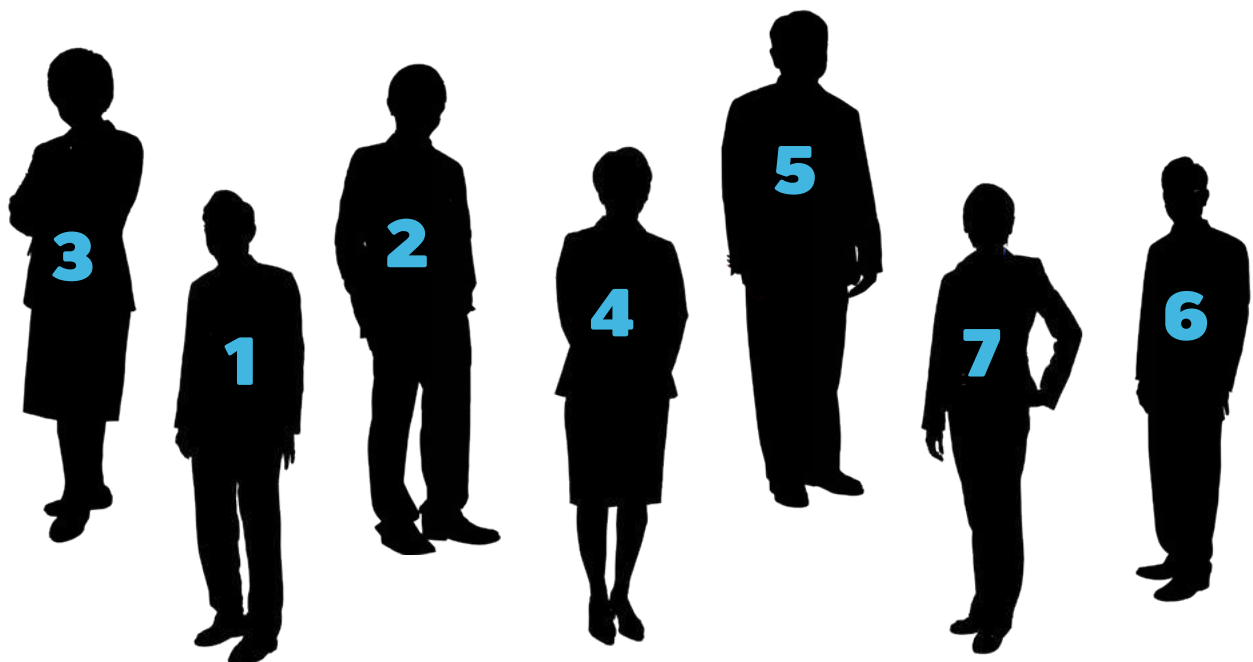
Chairman of Executive Committee and
Managing Director

The year 2014 marked a key milestone in the history of Fire Victor Public Company Limited as our stock “FIRE” was listed on the Market for Alternative Investment (“MAI”) on November 13, 2014, hence a major move toward a sustainable growth. We are committed to carrying out our business of distribution of valves and equipment for sanitary system, air-conditioning system and fire protection system as a one-stop service provider. We had consistently recorded satisfactory operating results and growth. Despite domestic and global economic downturn in 2014, we managed to maintain our business dynamism with both sales and profit growth. Looking forward, we expect to drive our business to advancement in a more rapid pace after fund raising through the initial public offering (IPO) of new FIRE shares on the stock exchange. For 2015, we have planned to expand our branch network to the Eastern region of the country for a broader market coverage, and increase the manpower in respect of sales and sales support. We have been appointed an authorized distributor of a wider range of brands, enabling us to further boost sales and generate higher profits.

We have attached a high degree of importance on business operations under good corporate governance principles. We aim to run our business with responsibility for all stakeholders with fairness, transparency and openness for examination. We are determined to perform in compliance with the criteria of the Stock Exchange of Thailand to earn trust and confidence from our employees, trade partners and investors in general.

On behalf of the Board of Directors, we would like to thank all our shareholders, customers, trade partners, business alliances, and all concerned parties, for their continued supports, as well as the Board of Directors, the management and all employees for their dedicated efforts. We will forge ahead with determination to develop the Company under good corporate governance principles for the maximum benefits of all parties concerned.

Board of Directors





1

Mr. Parkphum Wongpaitoon

age 74 Chairman of the Board of
Directors / Authorized Director

■ Shareholding proportion: 6,110,000 shares (1.75%) (As at January 27, 2015)

■ Appointment date: May 9, 2001

■ Education:

- MSc. (Electrical Engineering), Illinois Institute of Technology, U.S.A.
- BSc. (Electrical Engineering), University of Illinois, U.S.A.

■ Training participation:

- Training program of Thai Institute of Directors Association (IOD):
 1. Director Accreditation Program (DAP), Class 42/2005
- Secrets to Success Course
- ISO : 2000 Quality System Management Course
- Self Improvement (7-Habits) Course
- Summary of the New Labor Protection Act B.E. 2551 Course
- Techniques for Collection of Business and Legal Debt relating to Civil and Criminal Cases
- ISO 9001 : 2000 Continual Improvement Course
- Internal Audit and Control for Efficiency Enhancement Course
- "Lean" Accounting Course
- Family Business Tax Planning Strategy Course
- Pay for Performance Course
- EVA for Executives Course
- Application of the Balance Scorecard & KPIs Course

■ Work experience:

- | | |
|------------------|--|
| - 2002 – present | Member of Executive Committee, QIIS Co., Ltd. |
| - 2001 – present | Chairman of the Board, Fire Victor Plc. |
| - 1999 – present | Member of Executive Committee, Chillmatch Co., Ltd. |
| - 1999 – present | Member of Executive Board, Harn Engineering Co., Ltd. |
| - 1998 – 2001 | Managing Director, Harn Engineering Group |
| - 1992 – 1997 | Managing Director, Thailand Carpet Manufacturing Plc. |
| - 1985 – 1991 | Director and General Manager, Carpet International Thailand Plc. |
| - 1983 – 1984 | Deputy General Manager, ITT (Thailand) Plc. |
| - 1976 – 1982 | Factory Manager, Carpet International Thailand Plc. |
| - 1973 – 1975 | Production Manager, Goodyear (Thailand) Co., Ltd. |
| - 1966 – 1972 | Power Plant Design Engineer, Pioneer Service & Engineering Company and Sarget & Landy, Chicago, Illinois, U.S.A. |

2

Mr. Wirat Sukchai

age 49 Managing Director / Chairman
of Executive Committee / Authorized
Director

■ Shareholding proportion: 86,190,000 shares
(24.63%) (As at January 27, 2015)

■ Appointment date: November 25, 2012

■ Education:

- MBA (E-MBA), National Institute of Development Administration (NIDA)
- BBA (Sales and Marketing), Bangkok University

■ Training participation:

- Training program of Thai Institute of Directors Association (IOD):

1. Director Accreditation Program (DAP), Class SET/2012

-12 Quality Leaders toward Digital Age and AEC Course

- Risk Management of Organization Course
- 4 Super Strategic Ideas Course
- Finance for Non-finance Executive Course
- Marketing 3.0 : Human Spirit Marketing Course
- Vice Excellence Course
- Amazing Sales Techniques for Diversified Groups of Customers Course
- Root Cause Analysis & Corrective Actions Course
- Academic Development and Enhancement 4th Refreshment Program
- ISO 9001 : 2000 Quality System Management for Executives Course
- Techniques for Collection of Business and Legal Debt relating to Civil and Criminal Cases
- In-depth Discussion on Guidelines for Success in Installation Contractor and Distribution Business
- Fire Research, Education, Performance Codes & Investigation Course



- "HYGOOD" Sapphire Fire Suppression System Course

- TQM : Total Quality Management Course

- Fire Protection Science and Technology Course

- Advanced Sales Techniques Course

- Inspection of Building Fire Safety System Course

■ Work experience:

- | | |
|------------------|--|
| - 2012 – present | Managing Director, Fire Victor Plc. |
| - 2002 – 2012 | General Manager, Fire Victor Co., Ltd. |
| - 1997 – 2001 | Sales Manager, Fire Victor Co.,Ltd. |
| - 1995 – 1996 | Deputy Sales Manager, Fire Victor Co.,Ltd. |



3

Mrs. Valeeratn Chuerboonchai

age 60 Director / Member of Executive Committee / Assistant Managing Director / Authorized Director

■ Shareholding proportion: 5,947,520 shares (1.70%)

(As at January 27, 2015)

■ Appointment date: June 12, 2007

■ Education:

- MBA (Accounting), Assumption University

■ MBA (Accounting), Assumption University

- Training program of Thai Institute of Directors Association (IOD):

1. Director Accreditation Program (DAP), Class SET/2012

- 12 Quality Leaders toward Digital Age and AEC Course

- Risk Management of Organization Course

- 4 Super Strategic Ideas Course

- Finance for Non-finance Executive Course

- The Habits of Highly Effective Working Person Course

- Marketing 3.0 Human Spirit Marketing Course

- Insight of Income Tax on Wages and Welfare Course

- New Accounting Standard and Impact on Business Course

- Accounting and Finance Data for Executives Course

■ Work experience:

- 2013 – present Assistant Managing Director, Fire Victor Plc.

- 2009 – present

Director, Promark Co., Ltd.

- 2007 – present

Member of Executive Committee, Chillmatch Co., Ltd.

- 2007 – present

Member of Executive Committee, QIIS Co., Ltd.

- 2007 – 2013

Member of Executive Committee, Fire Victor Co., Ltd.

- 2004 – 2012

General Manager (Finance and General Administration), Harn Engineering Co., Ltd.

- 1999 – 2004

Accounting and Finance Manager, Harn Engineering Co., Ltd.

- 1987 – 1999

Accounting and Finance Manager, Carpet International Thailand Plc.

- 1982 – 1987

Accounting and Finance Division Head, Carpet International Thailand Plc.



4

Mrs. Sirima Iamsakulrat

age 52 Director / Member of
Executive Committee / Authorized
Director

- Shareholding proportion: 33,067,520 shares (10.02%) (As at January 27, 2015)
- Appointment date: May 9, 2001
- Education:
 - MBA, Stanford University, U.S.A.
 - BA (Economics), Chulalongkorn University
- Training participation:
 - Training program of Thai Institute of Directors Association (IOD):
 1. Director Accreditation Program (DAP), Class SET/2012
- Work experience:

- 2001 – present	Member of Executive Committee, Fire Victor Plc.
- 2002 – present	Member of Executive Committee, QIIS Co., Ltd.
- 1989 – present	Member of Executive Board, Harn Engineering Co., Ltd.
- 1989 – present	Member of Executive Committee, Chillmatch Co., Ltd.



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Mr. Thakol Nunthirapakorn

age 69 Chairman of Audit Committee /
Independent Director

- Shareholding proportion: None (As at January 27, 2015)
- Appointment date: October 10, 2012
- Education
 - PhD (Accounting, MIS, Economics), University of Arkansas, Fayetteville, Arkansas, U.S.A.
 - MBA (Quantitative Analysis), Northeast Louisiana University, Monroe, Louisiana, U.S.A.
 - BS (Finance), West Liberty State University, West Virginia, U.S.A.
 - High Vocational Certificate (Finance and Banking), University of the Thai Chamber of Commerce
- Training participation:
 - Training program of Thai Institute of Directors Association (IOD):
 1. Director Accreditation Program (DAP), Class 8/2004
 2. Audit Committee Program (ACP), Class 8/2005

■ Work experience:

■ Business

- 2012 – present Independent Director and Chairman of Audit Committee, Fire Victor Plc.
- 2002 – present Independent Director and Chairman of Audit Committee, Ratchathani Leasing Plc.
- Member of Audit Committee, Thai Public Broadcasting Service (TPBS)
- Independent Director and Member of Audit Committee, Bangkok Metropolitan Bank Plc.
- Director, NS Electronics Bangkok (1993) Ltd.
- Director, D.N. Machinery (1980) Co., Ltd.
- Chairman of Provident Fund Committee, NS Electronics Bangkok (1993) Ltd.

■ Education

- 2012 – present Dean, Faculty of Accounting, University of the Thai Chamber of Commerce
- 2005 – 2011 Deputy Dean (Administration and Business), University of the Thai Chamber of Commerce
- Member of Executive Board, University of the Thai Chamber of Commerce
- Director, Development and Establishment Project, University of the Thai Chamber of Commerce New Campus
- Director, Council of Thongsuk College
- Special Instructor, Graduate School, University of the Thai Chamber of Commerce
- Dean, Faculty of Business Administration, National Institute

of Development Administration (NIDA)

Expert Director, Member of Administrative Committee, Doctoral Program in Business Administration, JDBA

Director, NIDA

Director and Member of Audit Committee, University of the Thai Chamber of Commerce

Chairman of Academic Rank Consideration Committee, University of the Thai Chamber of Commerce

Professor of Accounting & Finance, Youngstown State University, Ohio, U.S.A.

Graduate Council Member, Youngstown State University, Ohio, U.S.A.

Assistant Professor, College of Business & Industry, Mississippi State University, Mississippi, U.S.A.

Assistant Professor of Accounting, KSU, Kent, Ohio, U.S.A.

■ Social

Director, King Rama III Foundation
Foundation Director, King Rama III Pranangklaow Hospital

Honorary Advisor, University of the Thai Chamber of Commerce Alumni Association

President, University of the Thai Chamber of Commerce Alumni Association

President (Founder) of Lions Club Thailand NIDA Campus

Advisor, NIDA Alumni Association

6

Mr. Sothitorn Mallikamas

age 52 Member of Audit Committee /
Independent Director



■ Shareholding proportion: None

(As at January 27, 2015)

■ Appointment date: October 10, 2012

■ Education:

- PhD (Economics), University of Wisconsin, U.S.A.
- MA (Economics), University of Wisconsin, U.S.A.
- BA (Economics), Chulalongkorn University

■ Training participation:

Training program of Thai Institute of Directors Association (IOD):

1. Director Accreditation Program (DAP), Class 102/2013

■ Work experience:

- | | |
|------------------|---|
| - 2012 – present | Independent Director and Member of Audit Committee, Fire Victor Plc. |
| - 2012 – present | Chairman, International Economics Program, Chulalongkorn University |
| - 2006 – 2009 | Dean, Faculty of Economics, Chulalongkorn University |
| - 2003 – 2006 | Deputy Dean, Faculty of Economics, Chulalongkorn University |
| - 1999 – 2003 | Director, Economics Research Center, Faculty of Economics, Chulalongkorn University |
| - 1992 – 1998 | Advisor, Phatra Research Institute, Phatra Securities Plc. |
| - 1994 – 1995 | Advisor, Monetary and Finance Commission, House of Representatives |



7

Miss Voranuch Supaibulpipat

age 51 Member of Audit Committee /
Independent Director

■ Shareholding proportion: None
(As at January 27, 2015)

■ Appointment date: October 10, 2012

■ Education:

- MBA, Middle Tennessee State University, U.S.A.
- BA (Economics), Chulalongkorn University

■ Training participation:

- Executive Development Program, Thai Listed Companies Association, Class 10
- Training program of Thai Institute of Directors Association (IOD):

1. Director Accreditation Program (DAP), Class SET/2012

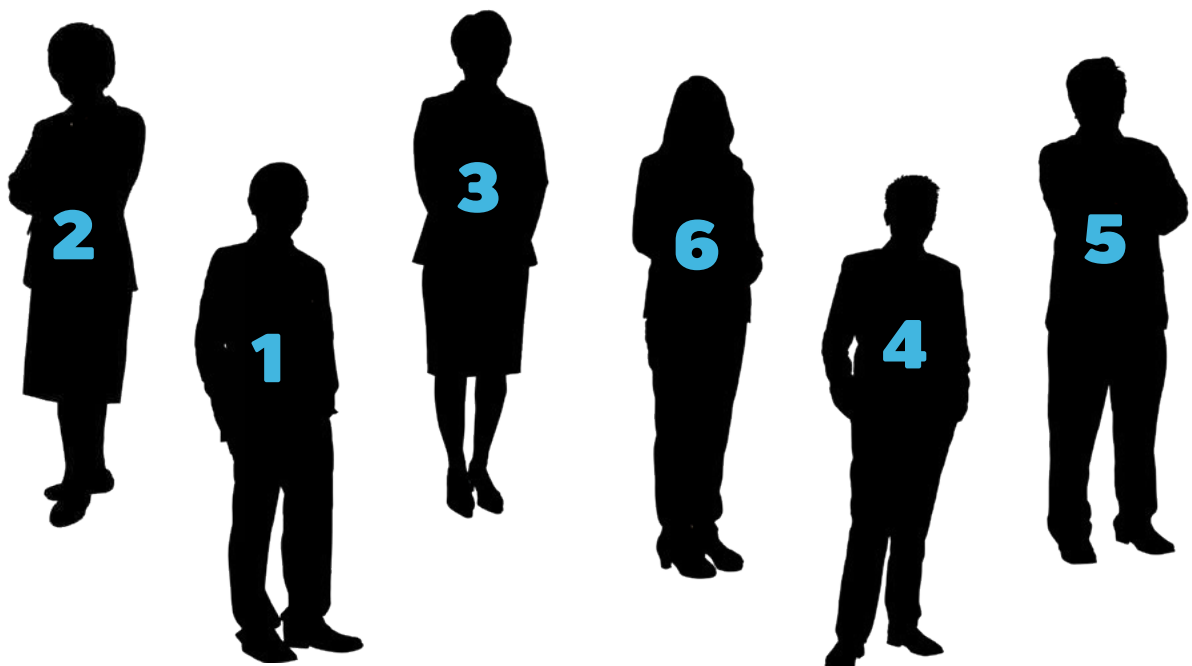
■ Work experience:

- 2012 – present Independent Director and Member of Audit Committee, Fire Victor Plc.
- 1987 – present First Senior Vice President, Tisco Financial Group Plc.

Executive Committee, Senior Executives and Company Secretary



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1

Mr. Wirat Sukchai

age 49

Managing Director / Chairman of
Executive Committee / Chairman of
Risk Management Committee

■ Shareholding proportion: 86,190,000 shares (24.63%) (As at January 27, 2015)

■ Appointment date: November 25, 2012

■ Education:

- MBA (E-MBA), National Institute of Development Administration (NIDA)
- BBA (Sales and Marketing), Bangkok University

■ Training participation:

- Training program of Thai Institute of Directors Association (IOD):
 - 1. Director Accreditation Program (DAP), Class SET/2012
 - 12 Quality Leaders toward Digital Age and AEC Course
 - Risk Management of Organization Course
 - 4 Super Strategic Ideas Course
 - Finance for Non-finance Executive Course
 - Marketing 3.0 : Human Spirit Marketing Course
 - Vice Excellence Course
 - Amazing Sales Techniques for Diversified Groups of Customers Course
 - Root Cause Analysis & Corrective Actions Course
 - Academic Development and Enhancement 4th Refreshment Program
 - ISO 9001 : 2000 Quality System Management for Executives Course
 - Techniques for Collection of Business and Legal Debt relating to Civil and Criminal Cases

- In-depth Discussion on Guidelines for Success in Installation Contractor and Distribution Business
- Fire Research, Education, Performance Codes & Investigation Course

- "HYGOOD" Sapphire Fire Suppression System Course

- TQM : Total Quality Management Course
- Fire Protection Science and Technology Course
- Advanced Sales Techniques Course
- Inspection of Building Fire Safety System Course

■ Work experience:

- | | |
|------------------|---|
| - 2012 – present | Managing Director, Fire Victor Plc. |
| - 2002 – 2012 | General Manager, Fire Victor Co., Ltd. |
| - 1997 – 2001 | Sales Manager, Fire Victor Co., Ltd. |
| - 1995 – 1996 | Deputy Sales Manager, Fire Victor Co., Ltd. |

2

Mrs. Valeeratn Chuerboonchai

age 60

**Member of Executive Committee / Assistant
Managing Director / Member of Risk
Management Committee**



■ Shareholding proportion: 5,947,520 shares
(1.70%)

(As at January 27, 2015)

■ Appointment date: June 12, 2007

■ Education:

- MBA (Accounting), Assumption University

■ MBA (Accounting), Assumption University

- Training program of Thai Institute of Directors
Association (IOD):

1. Director Accreditation Program (DAP), Class
SET/2012

- 12 Quality Leaders toward Digital Age and AEC
Course

- Risk Management of Organization Course

- 4 Super Strategic Ideas Course

- Finance for Non-finance Executive Course

- The Habits of Highly Effective Working Person
Course

- Marketing 3.0 Human Spirit Marketing Course

- Insight of Income Tax on Wages and Welfare
Course

- New Accounting Standard and Impact on Busi-
ness Course

- Accounting and Finance Data for Executives
Course

■ Work experience:

- 2013 – present Assistant Managing
Director, Fire Victor Plc.

- 2009 – present

Director, Promark Co.,
Ltd.

- 2007 – present

Member of Executive
Committee, Chillmatch
Co., Ltd.

- 2007 – present

Member of Executive
Committee, QIIS Co., Ltd.

- 2007 – 2013

Member of Executive
Committee, Fire Victor
Co., Ltd.

- 2004 – 2012

General Manager
(Finance and General
Administration), Harn
Engineering Co., Ltd.

- 1999 – 2004

Accounting and Finance
Manager, Ham Engineering
Co., Ltd.

- 1987 – 1999

Accounting and Finance
Manager, Carpet
International Thailand Plc.

- 1982 – 1987

Accounting and Finance
Division Head, Carpet
International Thailand Plc.



3

Mrs. Sirima Iamsakulrat

age 52

Member of Executive Committee

■ Shareholding proportion: 33,067,520 shares (10.02%) (As at January 27, 2015)

■ Appointment date: May 9, 2001

■ Education:

- MBA, Stanford University, U.S.A.
- BA (Economics), Chulalongkorn University

■ Training participation:

- Training program of Thai Institute of Directors Association (IOD):
1. Director Accreditation Program (DAP), Class SET/2012

■ Work experience:

- | | |
|------------------|---|
| - 2001 – present | Member of Executive Committee, Fire Victor Plc. |
| - 2002 – present | Member of Executive Committee, QIIS Co., Ltd. |
| - 1989 – present | Member of Executive Board, Harn Engineering Co., Ltd. |
| - 1989 – present | Member of Executive Committee, Chillmatch Co., Ltd. |

4

Mr. Rattanaphan Mukhariwattananon

age 36

Sales Director (Sales Group) /
Member of Risk Management Committee



- Shareholding proportion: 3,250,000 shares (0.93%) (As at January 27, 2015)
- Appointment date: January 1, 2014
- Education:
 - B.Ind.Tech. (Mechanical Engineering), Sripatum University
- Training participation:
 - Sprinkler System Design Course
 - Warehouse Fire Suppression System Design Course
 - Standardized Fire Pump System Design Course
 - Corporate Risk Management and Performance-oriented Personnel Management Course
 - Techniques for Collection of Business Debt and Relevant Laws Course
 - Service Excellence Improvement Course
 - Advanced Sales Techniques Course
 - ISO 9001 : 2000 Quality System Management for Executives Course
- Work experience:

<ul style="list-style-type: none"> - 2014 – present - 2008 – 2013 - 2003 – 2007 - 2002 – 2003 	<ul style="list-style-type: none"> Sales Director (Sales Group), Fire Victor Plc. Sales Manager, Fire Victor Co., Ltd. Sales Engineer, Fire Victor Co., Ltd. Supervisor, Subsoontorn Co., Ltd.
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5

Mr. Pracha Phromphornchai

age 41

Project Sales Director (Project Sales Group) /
Member of Risk Management

■ Shareholding proportion: 10,900,000 shares
(3.11%) (As at January 27, 2015)

■ Appointment date: January 1, 2014

■ Education:

- B.Eng. (Mechanical Engineering), King Mongkut's
University of Technology Thonburi

■ Training participation:

- ISO 9000 : 2000 Introduction & Implementation Course
- Selling Industrial Products Course
- "HYGOOD" Sapphire Fire Suppression System Course
- "VICTAULIC" Grooved System Course
- "POTTER ELECTRIC" Fire Alarm System Course
- Continuous Improvement in ISO 9001 : 2000 Course
- Pro-active Sales Planning Course
- "CHEMGUARD" Fire Protection System (U.S.A.) Course
- Root Cause Analysis and Corrective Action Course
- Vice Excellence Course
- "SIEMENS" Fire Alarm and Fire Suppression System Course
- "WAGNER" ASD System Course
- Professional Interview Techniques Course
- Risk Management of Organization Course

- Business English Writing Course

■ Work experience:

- 2014 – present Project Sales Director
(Project Sales Group), Fire
Victor Plc.
- 2003 – 2013 Sales Manager, Fire Victor
Co., Ltd.
- 2002 – 2003 Sales Engineer, Taiko
International (Thailand)
Co., Ltd.
- 2000 – 2002 Sales Engineer, Reacon
Equipment Co., Ltd.
- 1998 – 2000 Design Engineer, Harn
Engineering Co., Ltd.
- 1996 – 1998 Field Engineer, Harn
Engineering Co., Ltd.

6

Mrs. Varinkan Teraumranon

age 49

Operation Support Director (General Management Group) / Secretary to Executive Committee / Secretary to Risk Management Committee



■ Shareholding proportion: 1,098,000 shares (0.31%) (As at January 27, 2015)

■ Appointment date: January 1, 2014

■ Education:

- BBA (Accounting), Rajamangala University of Technology

■ Training participation:

- Organizational Success Assessment through KPI Course
- Internal control and audit pursuant to ISO 9001 : 2008 Course
- 360o Marketing Communication Techniques Course
- Finance for Non-finance Executive Course
- Finance for the Boss Course
- Professional Interview Techniques Course
- Risk Management of Organization Course
- Import-Export Basics Course
- Performance Enhancement with Positive Thinking Course
- Annual Wage Increment and Employee Compensation Management Course
- Business English Writing Course
- Quality Leaders toward Digital Age and AEC Course

■ Work experience:

- | | |
|------------------|--|
| - 2014 – present | Operation Support Director (General Management Group), Fire Victor Plc. |
| - 2005 – 2013 | Chief Policy and Human Resource Planning Officer, Harn Engineering Co., Ltd. |
| - 1998 – 2004 | Executive Assistant, Harn Engineering Co., Ltd. |
| - 1993 – 1997 | Marketing Support Officer, Harn Engineering Co., Ltd. |

7

Miss Prawonwan Saipan

age 34

**Company Secretary / Secretary to the Board of Directors /
Secretary to Audit Committee**

■ Shareholding proportion: 67,000 shares (0.02%) (As at January 27, 2015)

■ Appointment date: November 26, 2012

■ Education:

- MSc (Environment), Mahidol University
- BSc (Agricultural Technology), King Mongkut's Institute of Technology Ladkrabang

■ Training participation:

- Business English Writing Course
- Criteria for Shareholders' Meeting and Board of Directors' Meeting
- Calibration System for Clause 7.6 of ISO 9001: 2008 Course
- ISO Data and Documentation Control Course
- Introduction to ISO 9001 : 2000 Course
- Motivation and Consciousness Course
- Training program of Thai Institute of Directors Association (IOD):
 1. Company Secretary Program (CSP), Class 50/2013
 2. Effective Minutes Taking (EMT), Class 25/2013

■ Work experience:

- 2012 – present Company Secretary, Fire Victor Plc.
- 2005 – 2012 Policy Planning Officer, Harn Engineering Co., Ltd.

General Information

Name (Thai)	บริษัท ไฟร์วิคเตอร์ จำกัด (มหาชน)
Name (English)	FIRE VICTOR PUBLIC COMPANY LIMITED
Symbol	FIRE
Registered Capital	Baht 175,000,000 (totaling 350,000,000 ordinary shares each of Baht 0.50 par value)
Paid-up Capital	Baht 175,000,000 (totaling 350,000,000 ordinary shares each of Baht 0.50 par value)
Nature of Business	Import and distribution of valves and equipment for fire protection system and valves and equipment for sanitary and air-conditioning system, as well as offering of installation services of firefighting systems such as foam fire protection and fire suppression and alarm systems carried out by skillful engineering team of the Company
Head Office Location	19/20-22 Soi Soonvijai, Rama 9 Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok 10310 Tel: 0-2203-0868-9 Fax: 0-2203-1504
Warehouse Location	503/1 Soi Soonvijai, Rama 9 Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok 10310 Tel: 0-2719-7285, 0-2716-9070 Fax: 0-2318-8624
Registration No.	0107557000217
Website	www.firevictor.co.th
Company Secretary	Miss Prawonwan Saipan Tel: 0-2203-0868-9 E-mail: prawonwan@firevictor.co.th
Investor Relations	Mr. Wirat Sukchai Tel: 0-2203-0868-9 E-mail: wirat@firevictor.co.th
Information of Subsidiary	-None-

Name and Address of Other References

Securities Registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Khlong Toei Subdistrict, Khlong Toei District, Bangkok Tel: 0-2229-2800 Fax: 0-2654-5642 Website: www.tsd.co.th
Auditor	PV Audit Company Limited 100/19 Vongvanij Complex Building B, 14th Floor, Rama 9 Road, Huai Khwang Subdistrict, Huai Khwang District, Bangkok 10310 Tel: 0-2645-0080 Fax: 0-2645-0020
Legal Consultant	Vayu & Partners Limited Law Offices 9/8 Soi Thana Akhet, Sukhumvit 63 Road, Khlong Ton Nua Subdistrict, Wattana District, Bangkok 10110 Tel: 0-2714-2799 Fax: 0-2714-2798

Nature of Business

Description of Products and Services

The Company's products and services can be divided into three categories as follows:

1) Valves and Equipment for Fire Protection System

Valve is a device used for starting or stopping the flow of water in the fire protection system and is fixed with a pipeline in such system. It is used for various purposes including controlling the flow of water within the system, starting or stopping the flow of water during repair and maintenance of the system, and preventing reversal of water. Equipment for fire protection system serves as a component or an auxiliary device applied jointly with the main equipment to allow for complete functioning of the fire protection system as well as other fire fighting devices such as fire hose cabinet, fire hose, fire extinguisher, etc.

2) Valves and Equipment for Sanitary and Air-conditioning System

Valve is a device used for starting or stopping the flow of water in the air-conditioning system or sanitary system and is fixed with a pipeline in such system. The air-conditioning system controls the temperature and humidity. The Company's products are used in the air-conditioning system in a control room of high-rise buildings and factory buildings. The sanitary system is composed of water supply system, water drainage system, ventilation system, rainwater management system, and waste water treatment system, whereas valve is used for various purposes, for example, controlling the flow of water, starting or stopping the flow of water during repair and maintenance of the system, preventing reversal of water flow, etc.

3) Firefighting System Installation Services

The Company provides consulting, designing and installation services for all types of firefighting systems. It has a skillful engineering team to coordinate with customers, introduce the Company's products, and design and offer products and services to customers according to the international fire protection standards, as well as post-installation system test-run service.

Significant Changes and Developments

The Company was originally set up as a section of Harn Engineering Company Limited ("Harn"). Later on May 9, 2001, the Company was incorporated as a juristic entity named "Fire Victor Company Limited" ("FIRE" or "the Company") by Charnnarong Group and Mr. Wirat Sukchai, former executive of Harn overseeing sales of valves and equipment for firefighting system, following a corporate restructuring from family business management to professional management. With an initial registered capital of Baht 1 million, the Company was established to engage in import and distribution of valves and equipment for fire protection system and valves and equipment for sanitary system and air-conditioning system, including fire protection system installation services. On February 21, 2003 and July 24, 2006, the Company increased its registered capital to Baht 3 million and Baht 4 million, respectively, for use as working capital in its business operation.

In 2003, the Company expanded its business by adding Project Sales Division to provide consultation, designing and installation services of all types of fire protection system such as automatic sprinkler system, foam fire protection, and fire suppression and alarm systems, all of which are to be carried out by a skillful, specialized engineering team, with focus on not so large projects, i.e. small- and medium-sized factories, and in 2005, the Company added carbon dioxide (CO₂) extinguishing system and FM200 system into the Company's product line. In 2007, the Company received an Outstanding Distributor Award presented by NIBCO Inc., USA.

Important developments of the Company over the past five years can be summarized as follows:

2009	The Company received ISO 9001:2008 certification from UKAS (United Kingdom Accreditation Service), a UK-based world-class certification body, with quality inspection and verification conducted by SGS (Thailand) Company Limited.
2011	The Company signed a distributorship agreement with Cement (Thailand) Company Limited for distribution of nitrogen extinguishing and fire alarm systems.
2012	On October 10, 2012, the Company increased its registered capital from Baht 4 million to Baht 65 million for use as working capital in its business operation.
2013	The Company was appointed as a distributor of Air Sampling Detector (ASD), a high-sensitivity smoke detection system of WAGNER, Federal Republic of Germany. The Company was conferred by the Ministry of Industry the honorable mention award for cooperation with Thailand in reducing and phasing out ozone-depleting substances.
2014	The Company was appointed as a distributor of balancing and control valves of OVENTROP, Federal Republic of Germany. Organizational restructuring of the Company was undertaken to support future business expansion. The Company changed its status to a public limited company and adjusted its par value from Baht 10 per share to Baht 0.50 per share. Furthermore, it was granted permission to be listed on the Market for Alternative Investments ("MAI") under a symbol "FIRE" and began trading on the MAI on November 13, 2014

Revenue Structure

Type of Revenues	2014		2013		2012	
	Baht mil	%	Baht mil	%	Baht mil	%
1. Revenues from sales and services						
1.1 Valves and equipment for fire protection system	475.15	81.44	451.66	86.65	413.22	83.35
1.2 Valves and equipment for sanitary and air-conditioning systems	34.40	5.90	34.27	6.57	41.63	8.40
1.3 Firefighting installation services	62.49	10.71	32.68	6.27	38.83	7.83
Total revenues from sales and services	572.04	98.05	518.61	99.49	493.68	99.58
2. Other revenues	11.39	1.95	2.65	0.51	2.07	0.42
Total revenues	583.43	100	521.26	100.00	495.75	100.00

Note: Other revenues included gains from foreign exchange, gains on disposal of assets, interest income, gains on sales of securities, income from product and property insurance compensation, and income from provision of supporting services (starting in 2014), etc.

Industry and Competition Overview

1. Industry Conditions

The Company engages in import and distribution of valves and equipment for fire protection system and valves and equipment for sanitary and air-conditioning systems, as well as providing consultation, designing and installation services of fire suppression systems for various projects. Over 70% of the Company's revenues come from sales of products construction contractors mainly of high-rise buildings or factory buildings. Hence, the Company's business operation relates directly to the construction industry which expands in line with the growth of the economy or gross domestic product (GDP), but with a higher degree of volatility. This means when the economy begins to grow, the real estate sector will follow suit at a faster pace and in a larger scale. On the contrary, when the economic growth begins to decelerate, the real estate expansion will slow down at a more rapid pace and in line with the construction areas permitted each year.

The public sector policy in driving investment activity has taken a clearer step. According to Kasikorn Research Center, the government has placed a high degree of importance on infrastructure development projects as a key factor to boost Thailand's trade and investment competitiveness while pushing for a consistent growth of the economic activity in preparation for the upcoming ASEAN Economic Community in 2015. Mass transit infrastructure development will thus be accelerated over 2014-2015 under the framework of Thailand's Transport Infrastructure Development Strategy B.E. 2558-2565 (2015-2022) with initial investment budget of Baht 2,400,000 million. The government has also issued five economic stimulus measures to stimulate the economy during 2014-2015 with total investment budget of Baht 364,465 million. These measures aim to speed up the disbursement of investment budget of government agencies and state enterprises for use in repairment of buildings of government agencies nationwide and financial aids to low-income farmers.

With the acceleration of disbursement of investment budget under the economic stimulus measures during 2014-2015 and the outcome of such measures, investment value of public sector construction in 2015 is expected to expand by 7.0-10.0 % or about Baht 464,000-477,000 million from 2014.

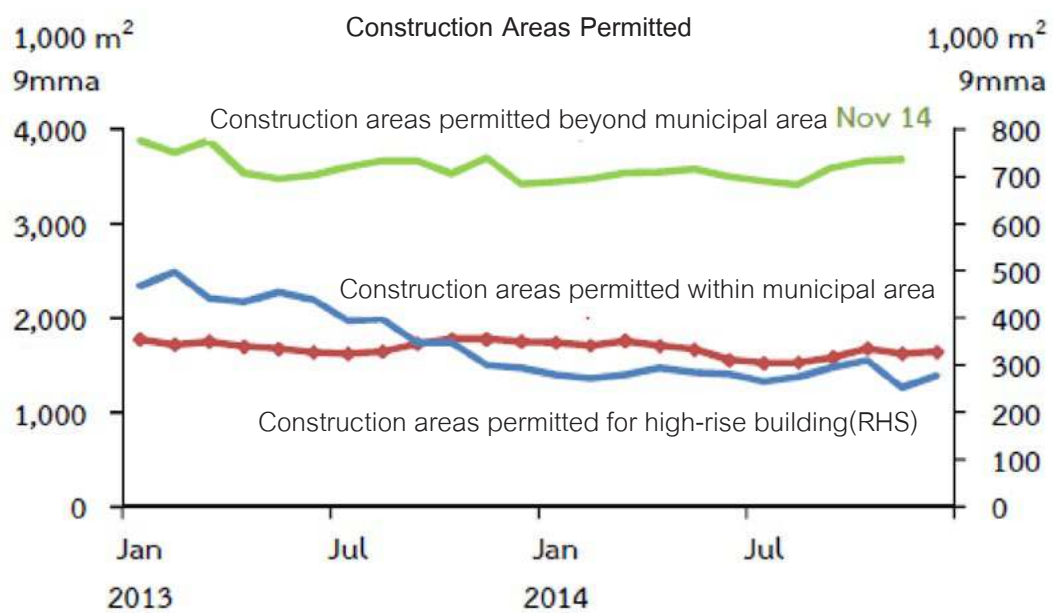
Most of the public sector construction projects to be implemented in 2015 are existing projects that require ongoing investment while new projects may face limited investment budget. Nevertheless, the updatedness of these new projects in 2015 needs to be further followed up, subject to the government's consideration and decision process.

According to statistics of Office of the National Economic and Social Development Board, key economic indicators suggested the economic growth of 3.9 % in quarter 3/2014, which was the first growth after four consecutive quarters of contraction. Investment in machinery and equipment moved up by 6.4% in line with the rising import volume of capital goods. Investment value of applications for BOI promotion surged by 84.1%, though investment in construction industry declined by 3.6%, clearly reflecting an improving economic trend.

Construction Material Index



027



Source: The Bank of Thailand

Private sector construction in 2015 is anticipated to grow from the previous year due to the recovery in construction areas permitted in quarter 4/2014 and sales of construction materials. In addition, most real estate developers have increasingly been confident that a larger number of new projects can be developed, particularly condominiums, as a result of the expansion of the mass rapid transit network into suburban areas. Supply of condominium units is expected to be available for sales by as high as 70,000-80,000 units in 2015 compared with 65,000–68,000 units. At the same time, the manufacturing industrial sector also saw a large number of factory permits for the past year. In the first 7 months of 2014, provincial industrial offices nationwide and the Department of Industrial Works issued permits (Ror. Ngor. 4) to entrepreneurs, totaling 2,212 factories, or about Baht 221,314 million in investment value. There are also the public sector infrastructure development projects, such as new Parliament building, subway, double track railway and Suvarnabhumi International Airport phase 2. Therefore, with all such public and private sector activities and projects in pipeline, the construction sector is predicted to expand by 5-10%.

2. Competition

There has been keen competition in the import and distribution of valves and equipment for sanitary and air-conditioning systems, with a great number of large and small operators and with several widely accepted brands in the market. However, due to the large market size, there is still much room for product distribution to customers. In addition, the Company's strength lies in its product diversity, reputation and ability to fully reach both general customers and contractors.

The competition in the import and distribution of valves and equipment for fire protection system has been moderate. Since these products are for safety purpose, they are typically required to be of high quality and with certification by international standards. The Company's major rivals are distributors of imported products which are in quite a small number as there is only a limited number of world-class brands available in the market. In addition, most brand owners have a policy to distribute their products through only one single authorized distributor or through as few distributors as possible in a bid to prevent competition among the distributors themselves.

In regards to the segment of firefighting system design, procurement, installation and testing services, the number of competitors is minimal as firefighting system installation requires professional skills in the design engineering area. The Company's key competitors are firefighting system engineering service providers and contractors. Strong growth potentials can still be expected in this business segment since the government sector has enacted laws for stricter control of fire outbreak, and factory building modification to conform to the Building Control Act B.E. 2535 (1992), thereby leading to greater demand for products and services relating to firefighting system.

There are 4-5 importers of valves and equipment for fire protection in buildings and factories who are deemed as direct competitors of the Company. These competitors could sometimes become trade partners buying products from the Company. In terms of market share based on the Company's revenues in comparison those of its competitors, the Company and its three major competitors captured a combined market share of around 80% with that of the Company alone being about 25% (according to Business Online database).

3. Industry and Competition Outlook

At present, there are a large number of large and small operators in the market in line with business

expansion and more rigid enforcement of the safety laws on buildings and factories. As required by law, all buildings with a height of 23 meters or more or extra large buildings with a total space of 10,000 square meters or more must be equipped with a fire protection system and must have their firefighting system examined every 3-5 years before renewing their building utilization permits. The said safety control regulation began to be imposed on small buildings in October 2012. The stricter safety control law enforcement not only leads the operators to see greater opportunities for their business expansion and product distribution but also is a key factor in driving further growth in this industry in the future.

4. Characteristics of Customers and Target Customers

Key target markets of the Company are high-rise buildings or factory buildings that must be equipped with fire protection system to ensure safety in compliance with the Building Control Act, as well as operations relating to sanitary and air-conditioning systems that require valves and equipment for sanitary and air-conditioning systems to be used in such operations. The Company's customers may be direct customers who are project owners or contractors who purchase its products for installation in such projects, together with shops or distributors of products relevant to fire protection and engineering systems that procure its products for resale to contractors or end-users. The Company has successively maintained good relationship with its customers and has loyal customers who regularly purchase its products because of their trust in the quality and safety of the Company's products which mostly gain international standard certification and also its quality services provided by a professional sales team who have profound knowledge on each product. In this regard, during 2013-2014, not any single customer contributed to the Company's revenues exceeding 30% of its total revenues.

5. Environmental Impacts

- None -

6. Undelivered Works

As of December 31, 2014, there were a total of 10 contracts of works not yet delivered, comprising the installation works of fire protection system, e.g. installation of fire extinguishing system for power plant, installation of sprinkler system and foam fire protection system, with a total contract value of Baht 90.85 million. Outstanding value as of December 31, 2014 was Baht 90.27 million. Delivery of such works is expected from January to August 2015.

Risk Factors

The following statements describe significant risk factors that may negatively impact the Company and its stock value. Besides the risk factors mentioned in this document, there may be other risks that have yet been recognized by the Company at the moment or risks which the Company has deemed to be insignificant. In whichever cases, these risk factors may potentially become significant in the future since they may significantly affect the business, revenues, profit, assets, liquidity, financial sources, operating results, financial position, or business opportunities of the Company.

Forward-looking statements presented in this document or future projects and forecasts relating to revenues, business expansion plan, changes in the laws relevant to the business operation of the Company, government policy, etc. are predictions of future events as viewed by the Company at present, which do not guarantee any operating results or events in the future. The actual outcome may significantly deviate from such forecasts or estimations. This part of information referring to or relating to the country's overall economic or industrial conditions has been derived from public sources or summarized from printed media or other sources of information without any examination or verification whatsoever by the Company.

The Company, which engages in import and distribution of valves and equipment for fire protection system, sanitary system and air-conditioning system including provision of installation services of fire suppression system, is exposed to business risks and other major risks as follows:

1. Exchange rate risk

The products distributed by the Company are mainly imported from abroad. Its import volume in 2013 and 2014 made up 66.87% and 61.94% of total volume of product procurement respectively. Price offer and payment for products are primarily denominated in US dollar currency while the products are almost entirely for local distribution. In some cases, the Company is unable to promptly adjust product prices upward in line with the rising cost and is thus vulnerable to foreign exchange fluctuation, which will further affect its costs of products and gross profits.

Well aware of such impact, the Company has executed forward contracts with financial institutions to provide hedging against such risk. The contract value covers all existing foreign trade account payables at any specific period. As of December 31, 2014, the total value of forward contracts between the Company and financial institutions was in Thai Baht and US dollar, totaling Baht 12 million and USD 0.3 million, respectively. The Company has a policy to make forward contract during the period of foreign exchange volatility within the prescribed limit. In 2014, the Company began advance purchase of foreign currency totaling Baht 56.98 million, or 20.89% of its import volume. Furthermore, the Company managed its exchange rate risk by always keeping abreast of foreign exchange movement, resulting in only minimal risk exposure as can be seen from its exchange risk management outcome during 2012-2014 which recorded foreign exchange gains (loss) of Baht 0.42 million, Baht (1.88) million and Baht 0.62

million, respectively.

In addition, if foreign exchange rates change to the level that leads to sharp increase in its cost, the Company will revise its selling prices based on market conditions with prior notice thereof to its customers. The Company also keeps a stock of products to accommodate product distribution in advance. Therefore, foreign exchange volatility does not have any significant impact on the revenues and costs of the Company.

2. Risk from loss of distributorship status

The Company is a distributor of a wide range of valves and equipment for fire protection system, air-conditioning system and sanitary system under world-class brands. The top three brands with highest sales volume altogether made up about 42.81% of total sales in 2013 and 43.10% of total sales in 2014. The Company's sales may thus be affected if it loses its distributorship authorization from any of such major brands.

Having distributorship authorization is highly essential to the Company's business. There are two types of distribution authorization, i.e. with expiration and without expiration. However, for most of the brands distributed by the Company, it has not yet officially entered into distributorship contract with the brand owners. The Company is thus exposed to risk if its distributorship is revoked or its distributorship contract has been terminated under whatever circumstances, for example, trade partner entering joint venture with another company or trade partner discontinuing business, etc. In whichever case, there may be negative impact on the Company's sales. Since 2004, the Company has lost two brands of which the Company had officially signed distributorship contract with the brand owners. This was because one brand owner decided to sell off its business and the other decided to carry out distribution of the brand itself.

However, in view of its experience in this business and longstanding relationship with brand owners, its distribution coverage of over 25 brands, good service quality, and good relationship with customers, as well as a large customer base of over 1,000 customers, the Company is confident that if it loses distribution authorization of any brand, it will be able to secure alternative brand to satisfy the market demand. The Company has also developed its house brands for some product items to mitigate risk of dependence on other brands.

In addition, throughout the past years, the Company has honored all trade terms and conditions as agreed upon and as trusted for being distributor of the respective brands. This can be witnessed from its continuously rising growth of sales. Coupled with its efficient distribution channels, a strong sales team and distributorship of brands that allows it to achieve ongoing growth of sales, the Company is confident that brand owners will continue to assign the Company as their distributor through the years ahead.

3. Risk from brand owners implementing marketing by themselves

If a foreign brand owner wishes to operate business in Thailand without dependence on the Company, the Company could risk losing its distribution authorization for any such brand and may otherwise

have to compete with that brand owner.

Nonetheless, the Company believes that there is a slim chance for such risk to occur, considering that it is not worthwhile for the brand owner to make such investment and implement the marketing by itself. In the distribution of valves and equipment for fire protection system, air-conditioning system and sanitary system, the distributor must be able to offer a broad variety of products and comprehensive solutions to satisfy customers' requirements. Customers prefer convenience in ordering products from the distributor who has all products to completely serve their needs. Over the past years, some brand owners from abroad assigned their subsidiaries to directly operate on their behalf, but they failed, so they have switched back to the original distribution method through distributors.

4. Risk associated with product procurement and inventory management

The Company sells more than 3,000 product categories and therefore needs to properly control its inventories to fit with its current sales activities. It must have a stock of products available for selling or meeting customers' demand promptly and sufficiently. Failure to do so could result in a loss of sales or opportunity for subsequent sales. At the same time, some product items that have long been kept in stock could become obsolete and then incur extra stock cost.

The Company is aware of such risk and has accordingly devised product procurement plan that matches its sales target. Both sales unit and procurement unit have jointly made product procurement and established procurement plan in advance. The procurement unit is responsible for fast and correct product procurement and close follow-up of suppliers to ensure punctual delivery to timely meet customers' demand.

For inventory management, the Company has proportionately allocated storage space for each type of products and assigned staff to systematically control the storage and disbursement thereof. It also employs an modern warehouse management system for stock control, accurately and rapidly recording details of products and check outstanding stock at any time. This allows the Company to satisfy each customer's needs in a timely manner and gain trust from its customers through accurate and punctual service. Furthermore, the Company conducts monthly cycle counting for inventory counting to prevent risk of inaccurate disbursement of products and build confidence among customers through its accurate inventory management.

Shareholder structure

The Company has a registered and paid-up capital of Baht 175,000,000, divided into 350,000,000 ordinary shares with a par value of Baht 0.50 per share.

Major shareholders of the Company as of January 27, 2015 are as follows:

No.	Names of shareholders	No. of shares held	%
1	Mr. Wirat Sukchai	86,190,000	24.626
2	Mrs. Sirima Iamsakulrat	35,067,520	10.019
3	Mr. Jain Charnnarong	33,970,700	9.706
4	Nice Noble Limited	33,020,000	9.434
5	Mrs. Noppharat Sukchai	13,000,000	3.714
6	Mr. Pracha Phromphornchai	10,900,000	3.114
7	Miss. Urairat Hanthaweeapat	6,662,480	1.904
8	Mr. Parkphum Wongpaitoon	6,110,000	1.746
9	Mrs. Valeeratn Chuerboonchai	5,947,520	1.699
10	Mr. Thana Rattanaubolchai	5,000,000	1.429

Table summarizing change in shareholding proportion of the Board of Directors and top executives of the Company as of January 27, 2015:

No.	Names of directors/ executives	December 31, 2014	January 27, 2015	Increase (Decrease)
Board of Directors				
1	Mr. Parkphum Wongpaitoon	6,110,000	6,110,000	-
2	Mr. Wirat Sukchai	86,190,000	86,190,000	-
3	Mrs. Valeeratn Chuerboonchai	5,947,520	5,947,520	-
4	Mrs. Sirima Iamsakulrat	35,067,520	35,067,520	-
5	Mr. Thakol Nunthirapakorn	-	-	-
6	Mr. Sothitorn Mallikamas	-	-	-
7	Miss Voranuch Supaibulpipat	-	-	-
Top Executives				
1	Mr. Pracha Phromphornchai	10,900,000	10,900,000	-
2	Mr. Rattanaphan Mukhariwatthananon	3,250,000	3,250,000	-
3	Mrs. Varinkan Teraumranon	1,098,000	1,098,000	-

Shareholder structure by nationality

Shareholder structure as of January 27, 2015 which is the latest book closing date of the Company is as shown below:

				Juristic person			Individual person		
	No. of share- holders	No. of shares held	%	No. of share- holders	No. of shares held	%	No. of share- holders	No. of shares held	%
Thai shareholders	2,482	316,330,000	90.38	4	1,380,800	0.39	2478	314,949,200	89.99
Foreign shareholders	2	33,670,000	9.62	1	33,020,000	9.43	1	650,000	0.19
Total	2,484	350,000,000	100.00	5	34,400,800	9.82	2479	315,599,200	90.18

Dividend Policy

The Company's Board of Directors at its meeting no. 3/2014 on May 15, 2014 resolved to establish the dividend policy whereby the Company will pay dividend at not less than 40% of net profit after income tax and reserves of all types as required by law and according to the separate financial statements. Dividend payment depends on the Company's cash flow, adequacy of working capital in business operation, investment plan, loan repayment, terms and conditions the agreements binding the Company, legal restrictions, and other circumstances as necessary and appropriate in the future.

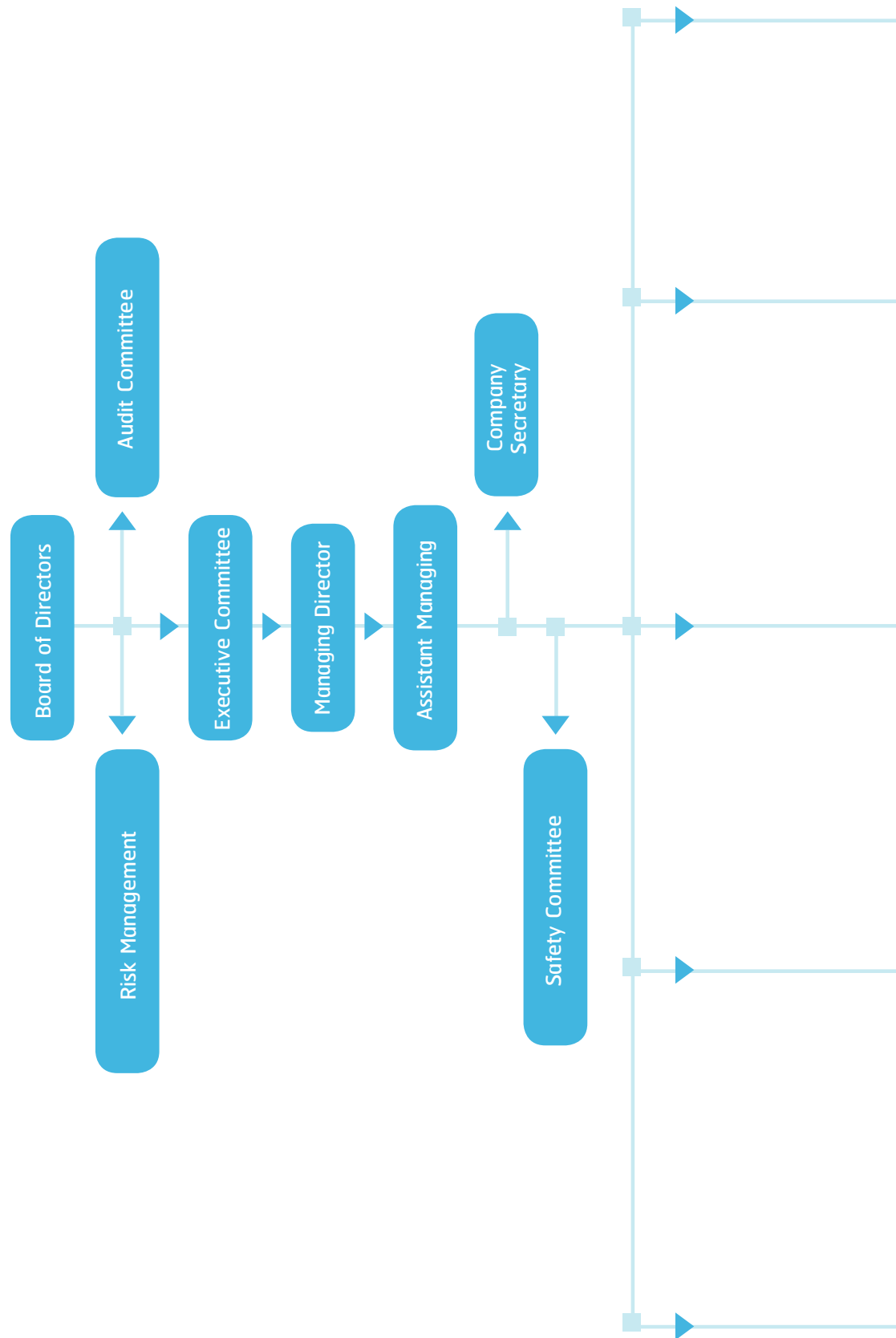
The Board of Directors' resolution on dividend payment shall be subject to the approval of the shareholders' meeting, unless it is interim dividend which the Board of Directors shall have the authority to approve from time to time when it considers that the Company has sufficient profit to do so as appropriate. In such case, the interim dividend payment shall be submitted to the next shareholders' meeting for information.

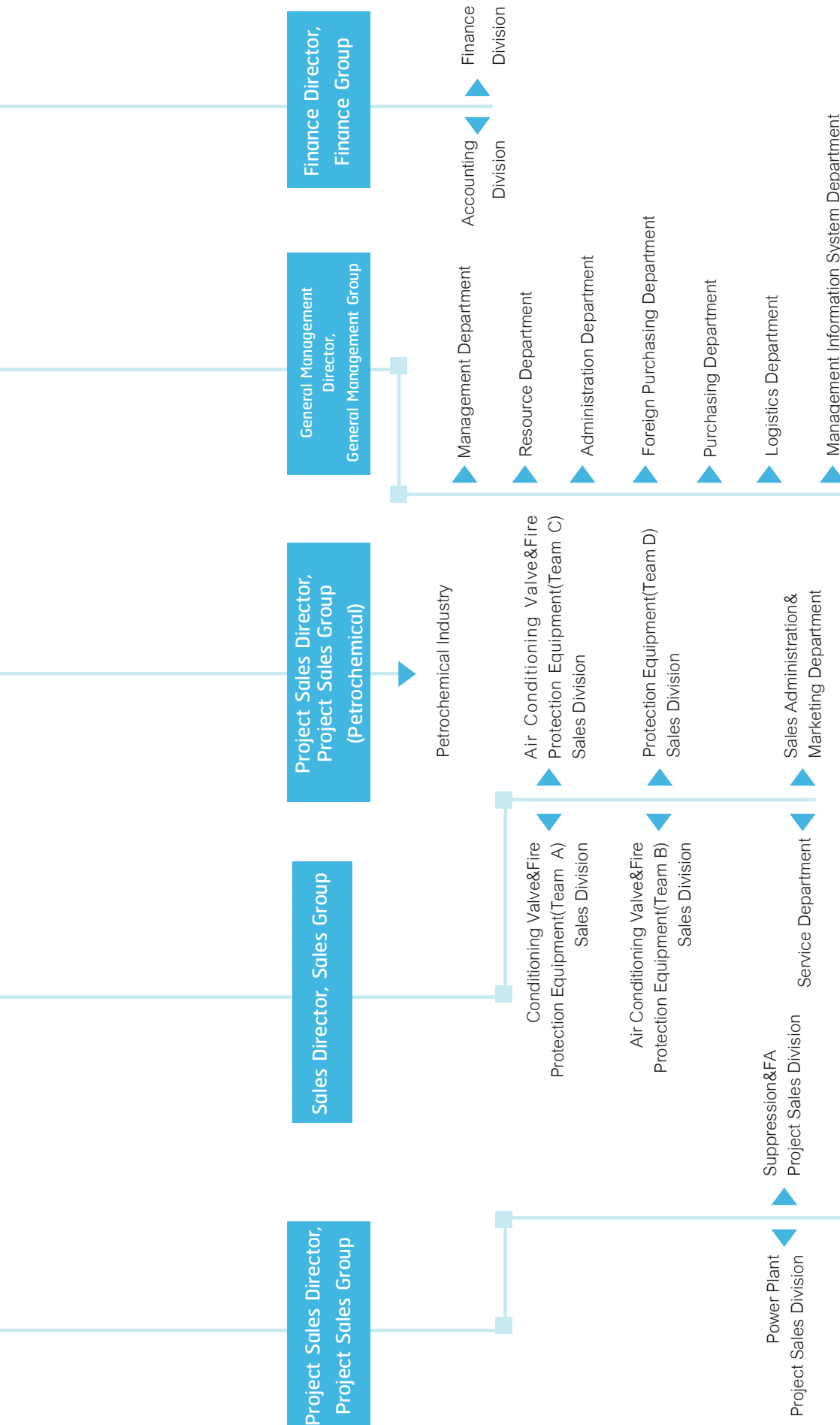
Dividend payment	2014	2013	2012
Interim dividend payment (Baht per share)	-	-	170.0
Annual dividend payment (Baht per share)	0.15	15.23	4.25
Stock dividend (Baht per share)	-	-	-
Earnings per share (Baht)	0.25	9.41	32.59
Dividend payout ratio (%)	86.63	161.86	230.06
Par Value (Baht per share)	0.50	10.00	10.00

- Remark : - On 22 May 2014 the registered par value was adjusted from Baht 10 per share to Baht 1.00 per share. And on 22 September 2014, the par value was further reduced from Baht 1.00 to Baht 0.50 per share.
- The 2014 dividend payment of Baht 0.15 per share being submitted to approval at the 2015 Annual General Meeting of shareholders.
 - 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.

Organization Chart

Fire Victor Pcl





หมายเหตุ : บริษัทว่าจ้างบริษัท เดสพี ออดิท จำกัด เป็นผู้ตรวจสอบภายในของบริษัท

1. Board of Directors

The Company's Board of Directors is currently composed of seven members as follows:

No.	Name	Position
1.	Mr. Parkphum Wongpaitoon	Chairman of the Board
2.	Mr. Wirat Sukchai	Director, Chairman of Executive Committee and Managing Director
3.	Mrs. Sirima Iamsakulrat	Director and Member of Executive Committee
4.	Mrs. Valeeratn Chuerboonchai	Director, Member of Executive Committee and Assistant Managing Director
5.	Mr. Thakol Nunthirapakorn	Independent Director and Chairman of Audit Committee
6.	Mr. Sothitorn Mallikamas	Independent Director and Member of Audit Committee
7.	Miss Voranuch Supaibulpipat	Independent Director and Member of Audit Committee

Miss Prawonwan Saipan is Secretary to the Board of Directors and Company Secretary.

The Company's Board of Directors shall have at least three Independent Directors representing no less than one-third of the total number of directors, and shall have at least three Audit Committee members. Each Independent Director and Audit Committee member must have qualifications that completely fulfill the requirements stipulated by the Notification of the Capital Market Supervisory Board No. Thor.Jor. 28/2551 regarding Application for and Approval of Offer for Sale of Newly Issued Shares (and the amendments).

Authorized Directors as the Company's Signatories

Two of the following four directors, namely Mr. Parkphum Wongpaitoon, Mr. Wirat Sukchai, Mrs. Sirima Iamsakulrat and Mrs. Valeeratn Chuerboonchai, shall jointly sign on behalf of the Company with the Company seal affixed.

Term of Office of the Board of Directors

At every annual general meeting of shareholders, at least one-third of the total number of directors shall retire by rotation. In the event that the number of directors due to retire cannot be divided by three, the number nearest to one-third shall retire. In the first and the second year following the Company's registration, the retirement of directors from office shall be determined by ballot drawing. In the subsequent years, directors having served the longest shall retire. The retired directors may be re-elected.

Scope of Power, Duties and Responsibilities of the Board of Directors

The Board of Directors shall have the power, duties and responsibilities in directing the Com-

pany's business in accordance with the laws, objectives and the Articles of Association of the Company, as well as rightful resolutions of the shareholders' meeting with honesty, integrity and prudence in the best interests of the Company, the salient points of which are as below:

1. Determine corporate vision, policies, strategies, targets, business plans, annual budget, management structure and delegation of authority, as well as corporate governance policy.
2. Monitor and supervise the performance of the management or any other persons assigned in compliance with the specified policies, plans and budget in an efficient and effective manner, and ensure that the Company's business management is in line with the corporate governance policy.
3. Have power to appoint Executive Committee, Managing Director and Subcommittees as deemed appropriate, and draw up the scope of power and duties of the Executive Committee, Managing Director and Subcommittees so appointed.

In this regard, the authority delegated under the specified scope of power and duties shall not be in the nature that will enable the Executive Committee, Managing Director and Subcommittees to consider and approve transactions which may have conflict of interest, beneficial interest or any other conflict of interest with the Company or subsidiaries (if any), unless the approval of such transactions is in line with the policy and criteria duly approved by the Board.

The Board's assignment of the Managing Director or any other person to perform duty on behalf of the Board shall be conducted in writing or clearly recorded as a resolution of the Board meeting in the relevant meeting minutes, with the scope of power and duties of the authorized person clearly specified.

4. Evaluate on a regular basis the performance of the management, and oversee the remuneration payment mechanism for executives and employees to ensure appropriateness.
5. Put in place reliable accounting system, financial reporting and auditing process, and oversee documentation system to facilitate examination of information thereafter.
6. Arrange for the Company's preparation of financial statements that are accurate, exhibiting factual information of its financial status and operating results in the previous accounting period correctly and completely in conformity with the generally accepted accounting principles. The Company's financial statements as of the end of the accounting period must be audited by its auditor before submitting to the shareholders' meeting with report of the Board of Directors' responsibility for the financial reports presented together with report of the auditor in the Annual Report.
7. Ensure the Company has efficient and effective internal control and internal audit systems, comprehensive risk management system and process, effective reporting and monitoring procedure, complaint handling mechanism and actions in case of whistle blowing, and the Company's management process is in line with corporate governance policy.
8. Ensure a clear and transparent process is in place to manage transactions between the Company and related persons to prevent conflict of interest, with correct and adequate disclosure of information and reports to the Board on a regular basis.
9. Ensure continuity in business operation, employee development plan and executive succession plan, and institute effective nomination and succession procedures of directors and senior executives.
10. Consider to approve and/or give opinion on connected transactions, acquisition or disposition

of assets, investment and any other businesses of the Company and subsidiaries (if any) in accordance with the applicable laws, notifications, requirements, rules and regulations, unless it is prescribed by law to seek approval from the shareholders' meeting.

11. Safeguard and ensure benefits for major and minor shareholders on a fair and equitable basis, and make available to the shareholders and other stakeholders accurate operational highlight reports and financial reports as prescribed by laws. Directors shall, without delay, notify the Company of his beneficial interests in any of the contracts or agreements made with the Company or of increase or decrease in the shareholding in the Company or subsidiaries (if any). Directors with beneficial interest in any transactions made with the directors or persons who may have conflict of interest or beneficial interest or any other conflict of interests with the Company or subsidiaries shall not be entitled to vote on such transactions.

12. Have power to authorize one or more directors or any other persons to perform any duties on behalf of the Board, subject to the control and supervision by the Board, or to authorize such person to have power as considered appropriate by the Board and for a specified period of time as the Board may deem proper. Such power may be cancelled, revoked, changed or amended as the Board may see fit.

In this regard, such authorization shall not be in the nature that will enable such person to consider and approve transactions in which he or other person may have conflict of interest, beneficial interest or any other conflict of interest in other nature with the Company or subsidiaries (if any), unless the approval of such transactions is in the normal course of business and consistent with general trade conditions or the policy and criteria duly approved by the Board.

Audit Committee

The Board of Directors' meeting or the shareholders' meeting (as the case may be) shall appoint at least three members to carry out duties as the Audit Committee. All members of the Audit Committee shall be Independent Directors, not be assigned by the Board to make decision concerning business operation of the Company, its holding company, subsidiary, affiliate, subsidiary in the same level, major shareholder or person with controlling power of the Company, and not be a director of holding company, subsidiary or subsidiary in the same level that is a listed company. The Audit Committee shall have duties as stipulated in the Notification of the Stock Exchange of Thailand regarding qualifications and scope of operations of Audit Committee.

At least one Audit Committee member shall have sufficient knowledge and experience to be able to review the reliability of the financial statements.

Executive Committee

The Board shall appoint Executive Committee by selecting among directors, executives or high ranking employees who are able to handle normal business operation and administer the Company, as well as formulating policy, business plan, budget plan, management structure, and inspecting and monitoring operating results of the Company in compliance with the policy determined by the Board.

Executive Team

The Company has a policy to nominate executives by selecting competent individuals equipped with business knowledge, expertise and experience. The selection process shall be in line with the regulations of the Company concerning human resource management and subject to the approval by the Board

or person authorized by the Board.

The Board shall make consideration and selection of individuals to be Managing Director. The appointment of Managing Director shall be subject to the approval by the Board. Managing Director shall be responsible for recruiting and appointing individuals with good knowledge, expertise and experience in the Company's business area to be employees of the Company at all levels, except for management positions from Directors upward, who shall be considered and appointed by the Executive Committee, with Managing Director to be appointed by the Board.

In this regard, the appointment of head of internal audit and internal control shall require prior endorsement from the Audit Committee.

2. Risk Management Committee

The Board of Directors has appointed Risk Management Committee as a specific Committee to be responsible for effective risk management organization-wide, with risk-associated issues monitored and managed appropriately in compliance with corporate governance principles.

The Company's Risk Management Committee is composed of 13 members as follows:

No.	Name	Position
1.	Mr. Wirat Sukchai	Risk Management Chairman
2.	Mrs. Valeeratn Chuerboonchai	Member of Risk Management Committee
3.	Mr. Pracha Phromphornchai	Member of Risk Management Committee
4.	Mr. Rattanaphan Mukhariwattananon	Member of Risk Management Committee
5.	Miss Urairat Harnthaweeapat	Member of Risk Management Committee
6.	Miss Chonlatee Plaekprachitt	Member of Risk Management Committee
7.	Miss Siriporn Sasadeedet	Member of Risk Management Committee
8.	Mrs. Suntaree Ketprayoon	Member of Risk Management Committee
9.	Mr. Nonthapat Photee	Member of Risk Management Committee
10.	Mr. Jamnong Sala	Member of Risk Management Committee
11.	Mrs. Nonglak Yuttakosa	Member of Risk Management Committee
12.	Mr. Suwan Ngernying	Member of Risk Management Committee
13.	Mrs. Varinkan Teraumranon	Member of Risk Management Committee and Secretary to Risk Management Committee

Note: The Board meeting no. 1/2014 on February 27, 2014 of the Company resolved to approve the appointment of Risk Management Committee as a specific Committee.

Term of Office

According to the resolution of the Board meeting no. 1/2014 on February 27, 2014, with proposal by Mr. Wirat Sukchai, Chairman of the Risk Management Committee appointed by the Board, and members of the Risk Management Committee comprising directors, executives and business unit heads appointed by Chairman of Risk Management Committee, and according to the Board meeting no. 2/2014 on April 28, 2014, the term of office of Risk Management Committee was determined as deemed appropriate by the Company and In the event of any member of Risk Management Committee vacating office before completing the office term, the Chairman of Risk Management Committee shall appoint a new member to replace the vacating member and propose the matter to the upcoming Board meeting.

Scope of Power, Duties and Responsibilities of Risk Management Committee

1. Consider and screen the overall risk management policy and guidelines of the Company which shall encompass major risk categories, i.e. financial risk, investment risk and reputational risk of the Company, etc. to be presented to the Board meeting for approval.
2. Put in place risk management strategies and guidelines in line with the determined risk management policy to assess, monitor and control risk to be at appropriate level.
3. Oversee and monitor implementation of the risk management policy under the direction and guidelines approved by the Board.
4. Set risk measurement criteria and risk limit.
5. Determine appropriate measures to manage risks in alignment with the circumstances.
6. Review adequacy of the overall risk management policy and system, and the effectiveness of the system and compliance with the policy in place.
7. Report to the Board on a regular basis risk management, implementation and risk status of the Company as well as changes and remedy and improvement actions to comply with the policy and strategy set forth.
8. Appoint Risk Management Working Committee as deemed necessary.
9. Support Risk Management Working Committee in respect of manpower, budget and other resources required in line with the defined scope of responsibilities.

3. Management

The Company's management is composed of five members as follows

No.	Name	Position
1.	Mr. Wirat Sukchai	Managing Director
2.	Mrs. Valeeratn Chuerboonchai	Assistant Managing Director and Acting Finance Director
3.	Mrs. Varinkan Teraumranon	General Management Director (General Management Group)
4.	Mr. Rattanaphan Mukhariwattananon	Sales Director (Sales Group)
5.	Mr. Pracha Phromphornchai	Project Sales Director (Project Sales Group)

Note : The first four executives, as defined by the SEC, after Managing Director position are in line with the organization structure of the Company announced on May 22, 2014.

Scope of Power, Duties and Responsibilities of Managing Director

Managing Director shall have the power, duties and responsibilities in managing the business of the Company as well as concerned matters and business as assigned by the Board of Directors as follows:

1. Oversee the management of overall operations and approval of matters concerning business operation and/or day-to-day administration of the Company to ensure the best interests of the Company and consistency with the objectives, regulations, rules, orders, resolutions of the Board meeting and annual general meeting of shareholders under applicable laws and the scope of power and responsibilities as assigned by the Board.
2. Work out policies, strategies, targets, business plan and annual budget plan, as well as management structure and delegation of authority within the organization for submission to the Executive Committee for endorsement before seeking approval from the Board.
3. Ensure that the operation or administration of the organization is in line with the approved policies, strategies, targets, business plan and budget plan.
4. Monitor, inspect, control and report overall operating results of the Company to the Board on a quarterly basis.
5. Ensure personnel of all work units carry out efficient and effective operation, pursue ongoing organizational and personnel development, and maintain good image of the Company.
6. Have power to appoint, transfer, promote, suspend from work, terminate employment, determine salary or other compensation and gratuity, including determining wage/salary increment and bonus for employees. However, any matters concerning employees in the management level shall be subject to

prior consent from the Executive Committee.

7. Have power to issue, amend, add, improve or revoke orders, rules, memorandum or regulations concerning work procedure to ensure compliance with the policy in the best interests of the Company, and maintain work discipline within the organization.

8. Have power to approve investments and expenses in the Company's business operation or any other relevant expenses within the limit set by the Board, comprising approval of acquisition of fixed assets within a limit of Baht 5 million, approval of entering into engagement/rent/lease contract of fixed assets within a limit of Baht 5 million.

9. Have power to approve payments under contract or agreement as per the approved budget or as approved by the Board meeting or shareholders' meeting without amount limit.

10. Have power to approve procurement, executing contract, and conduct of normal business transactions within the approved budget and without amount limit.

11. Perform any other duties as assigned by the Board and/or the Audit Committee.

12. Have power to authorize any other person to perform duties on his behalf, and be responsible for any act performed by the authorized person.

In this regard, the power of the Managing Director and that of the person authorized by him as deemed appropriate shall exclude the power or granting of power which will permit the Managing Director or the authorized person to approve transactions which he or related person may have conflict of interest (as defined in the Notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies), beneficial interest or any other interest with the Company or subsidiaries and/or associated companies. The Managing Director shall have no power to approve such transactions which are subject to the consideration and approval by the Board meeting and/or the shareholders' meeting (as the case may be) in compliance with the Articles of Association of the Company or applicable laws, unless the approval of such transaction is in the normal course of business with the general trade conditions in line with the Notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

4. Company Secretary

The Board meeting no. 2/2014 on April 28, 2014 resolved to approve the appointment of Miss Prawonwan Saipan as the Company Secretary in line with the requirements of the Securities and Exchange Act B.E. 2535 (1992) (and the amendments) and to perform duties and responsibilities as follows:

1) Oversee and give preliminary advice to the Board and the executives on the rules, regulations and laws of which the Board and the management must be aware.

2) Supervise the Board activities and be in charge of arranging the Board meeting and the shareholders' meeting, keep record of minutes of the Board meeting and the shareholders' meeting, and coordinate with relevant parties to effect and follow up implementation in accordance with the resolutions of such meetings.

3) Prepare and safekeep important documents of the Company including:

3.1) Board register

3.2) Invitation notice to the Board meeting, minutes of the Board meeting and the Annual Reports

of the Company

3.3) Invitation notice to the shareholders' meeting and minutes of the shareholders' meeting

4) Safekeep reports on beneficial interests of directors and executives (referring to directors and executives who are duty-bound to report to the Company their beneficial interests and those of related persons).

5) Perform any other tasks and responsibilities prescribed by the Notification of the Capital Market Supervisory Board.

Miss Prawonwan Saipan had undergone training in Company Secretary Program (CSP), Class 50/2013 in 2013 and Effective Minutes Taking (EMT), Class 25/2013 in 2013.

The Company has mapped out qualifications of Company Secretary as regards age, education, foreign language proficiency, communication skills, interpersonal skills, capability in coordinating with internal and external parties, and public relations and enhancement of the Company's good image among external parties. In the event that the Company Secretary vacates office or is unable to perform duty, the Board shall appoint the new Company Secretary within 90 days from the date on which the existing Company Secretary vacates office or can no longer perform duty, and during the lapse of which, the Board shall assign any one of the directors to perform Company Secretary duty as per the Securities and Exchange Act B.E. 2535 (1992) (and the amendments).

5. Remuneration for Directors and Top Executives

(1) Monetary Remuneration

(a) Directors

During 2011 – 2012, no remuneration payment was made to the directors.

The 2013 Annual General Meeting of Shareholders held on April 24, 2013 resolved to approve payment of remuneration for Board members and Audit Committee members as below:

Position	Meeting Allowance (Baht/time)
Chairman of the Board	-
Director	-
Chairman of Audit Committee	25,000
Audit Committee member	20,000

Note : Conditions pertaining to payment of remuneration:

1. Directors entitled to remuneration include only those who are Audit Committee members.

2. Each director of the Company may also be a member of any specific Committees and is entitled to remuneration for such position as prescribed, except for Executive Committee member who is the Board member and/or a member any other specific Committees, he shall not be entitled to remuneration for the position of the Board member and/or member of any other specific Committees.

3. Audit Committee shall be entitled to remuneration in form of meeting allowance as stipulated in the Articles of Association or as resolved by the shareholders' meeting, which may either be set in a definite amount or be set as an amount subject to changes. Such remuneration payment must not contradict the criteria of maintaining the qualifications of Independent Directors prescribed by the securities and exchange law.

The Extraordinary General Meeting of Shareholders No. 1/2014 on May 15, 2014 resolved to approve payment of remuneration for Board members and members of specific Committees as below:

Position	Remuneration (Baht/time)
Chairman of the Board	15,000
Director	10,000
Chairman of Audit Committee	15,000
Audit Committee member	10,000

Note : Conditions pertaining to payment of remuneration:

1. Directors entitled to remuneration include only non-employee directors and Audit Committee members.
2. Since many directors hold positions in more than one specific Committee, no remuneration shall be allocated for Executive Committee and Risk Management Committee members.
3. Board and specific Committee members are entitled to remuneration in form of gratuity, meeting allowance, bonus or benefits of other nature in accordance with the Articles of Association or as resolved by the shareholders' meeting. The amount may either be set in a definite amount or specified as criteria to be set from time to time or fixed until there are changes. Moreover, they are also entitled to other allowances and benefits according to the regulations of the Company under condition that no impacts shall be posed on rights of employees and contract employees appointed as directors or Committee members to receive remuneration and benefits in the capacity of employees or contract employees of the Company. In addition, such remuneration payment must not contradict the criteria of maintaining the qualifications of Independent Directors prescribed by the securities and exchange law.
4. The Board shall decide on when payment of annual director remuneration is to be made, as well as details and conditions of such payment. For example, payment of remuneration shall be made only to directors remaining in office. However, for directors who have recently been appointed and have yet completed a full year in office, payment of remuneration shall be in proportion to the period he has been in office.

The Extraordinary General Meeting of Shareholders also resolved to approve payment of bonus for 2014 to the Board of Directors in a total amount of not exceeding Baht 2 million.

Meeting allowance payment to each director was as tabulated below:

Name	Position	Meeting Allowance (Baht)			
		2014		2013	
		Board of Directors*	Audit Committee	Board of Directors	Audit Committee
1. Mr. Parkphum Wongpaitoon	Chairman	85,000	-	-	-
2. Mr. Wirat Sukchai	Director	-	-	-	-
3. Mrs. Sirima Iamsakulrat	Director	60,000	-	-	-
4. Mrs. Valeeratn Chuerboonchai	Director	-	-	-	-
5. Mr. Thakol Nunthirapakorn	Audit Committee Chairman	60,000	70,000	-	100,000
6. Mr. Sothitorn Mallikamas	Audit Committee	60,000	50,000	-	80,000
7. Miss Voranuch Supaibulpipat	Audit Committee	60,000	50,000	-	80,000
Total		325,000	170,000	-	260,000

Note : * Non-employee directors shall receive remuneration starting from the Board meeting no. 2/2014 on April 28, 2014.

(b) Top executives

In 2013, and 2014, remuneration payment to top executives was as follows:

Remuneration	2014		2013	
	No. of executives	Remuneration (Baht)	No. of executives	Remuneration (Baht)
Salary, bonus and other benefits such as social security fund, provident fund and post-employment benefits	2	8,576,614	2	7,311,654

(2) Other Remuneration

- None -

6. Manpower

6.1 Number of Personnel

As of December 31, 2013 and December 31, 2014, the Company has a total of 69 and 103 employees (excluding executives) respectively, categorized by function line as follows:

Operational Line	Number of Employees (persons)	
	As of 31 December 2013	As of 31 December 2014
- Project Sales Division	18	23
- Air Conditioning Valve & Fire Protection Equipment Sales Division	26	26
- Accounting & Finance Division	13	13
- Purchasing Department	3	7
- Logistics Department	9	10
- Quality Management Department	-	6
- Management Information System Department	-	6
- Human Resource Department	-	6
- Office Administration Department	-	6
Total	69	103

Note : In 2013, the Company outsourced support service provided by Harn Engineering Co., Ltd., a company with close relation all along. On January 1, 2014, Harn's employees in such functional line were transferred to be employees of the Company to take charge of centralized supporting service management for all related companies including QIIS Co., Ltd. and Chillmatch Co., Ltd.

6.2 Employee Compensation

The Company paid compensation to employees in 2013 and 2014 in the total amount of approximately Baht 33.88 million and Baht 47.34 million, respectively, in form of salary, bonus, overtime, social security, provident fund, etc.

6.3 Provident Fund

The Company set up a provident fund managed by UOB Asset Management (Thailand) Co., Ltd. as an incentive to encourage and motivate employees to work for the Company in a long term. The Company has paid contributions to such provident fund since February 2002.

6.4 Other Benefits

None

6.5 Major Labor Dispute in the Past 3 Years

None

6.6 Employee Development Policy

The Company has a policy to regularly develop its employees at all levels to enhance competency, knowledge and capabilities to improve performance outcomes and strengthen the organization to be well equipped in facing business competition. Employees are allowed to self-improve and fully demonstrate their skills for maximum benefits. At FIRE, we encourage employees to learn more through education and training programs to enhance their knowledge, competency and experience to correspond with the direction of organization growth. We offer both in-house and external training courses and programs annually to enhance the skills within the scope of responsibilities of employees at all levels. We also place importance on following up and evaluating the knowledge gained by the employees from those programs, including their ability to apply such knowledge to their work and transfer what they learn to their team members and relevant work units.

Corporate Governance

The Board of Directors gives priority to efficient, transparent and examinable management structure, resulting in trust in and confidence of the Company among shareholders, investors and other stakeholders and contributing to the Company's sustainable growth under ethical conduct of business in accordance with applicable laws. Therefore, the Company has established corporate governance policy to boost the operational standard and promoted corporate governance practice among staff organization-wide. This will foster the creation of corporate governance culture within the organization. The Company has adopted Principles of Good Corporate Governance for Listed Companies 2012 mapped out by the Stock Exchange of Thailand ("SET") and the regulations of the Securities and Exchange Commission ("SEC") and Capital Market Supervisory Board as references and for use as common guidelines across the organization. It has accordingly posted its corporate governance policy on its website under the title "Corporate Governance" for information of its shareholders, investors and other stakeholders.

In addition, to ensure effectiveness in implementing the corporate governance policy in terms of both morality and ethics, and trust in the Company's management with transparency and integrity, the Board of Directors' meeting no. 3/2014 on May 15, 2014 approved the "Code of Business Ethics" for use as the guidelines in business administration for its directors, executives, employees and concerned parties.

Monitoring of compliance with corporate governance policy

In 2014, the Company promoted and communicated the information with staff at all levels organization-wide through the intranet and announcement board for their better understanding which would eventually lead to effective practice of the policy and the code of business ethics. The Board members, executives and staff of the Company performed in adherence with the corporate governance policy and results of implementation were monitored on a regular basis. No issue of non-compliance with the policy was recorded in 2014.

With the determination in the promotion and communication of the corporate governance information, the Company is confident that its business operation under good governance principles, with business ethics and morality, would enable it to achieve operational success. The Company has applied Principles of Good Corporate Governance for Listed Companies 2012 mapped out by the SET to its business operation for its continued improvement for the years to come.

1. Corporate Governance Policy

Chapter 1 The Rights of Shareholders

The Board respects the basic rights of shareholders in the capacity of investors, shareholders or owners of the Company through the procedure in accordance with acceptable and reliable standards. It encourages the shareholders their basic rights covering the rights to freely purchase, sell or transfer the securities they hold; to obtain profit sharing from the Company in various forms; to adequately access information of the Company; to attend the shareholders' meeting; to vote and express opinions; to participate in making decision on important issues such as appropriation of profit for dividend payment, appointment or removal of directors, determination of director remuneration and appointment of auditor

and fixing of remuneration; to propose agenda items in advance; to nominate persons for election of directors; and to participate in making decision to approve significant transactions such as amendment of the Company's memorandum and articles of association, etc.; as well as other rights as prescribed in the Public Limited Companies Act, the Securities and Exchange Act and other relevant laws.

Apart from the basic rights above, the Company has undertaken various matters in order to protect and promote the rights of the shareholders, and facilitate their exercise of rights as follows:

1. Holding of shareholders' meeting

The Company organizes the annual general meeting of shareholders once a year within 4 months from the date ending the Company's fiscal year so that the shareholders can take part in monitoring and acknowledging the result of the operation in the previous year. Furthermore, in an urgent case where a special session is needed to consider and approve matters affecting or involving the interests of the shareholders, or matters relating to conditions or regulations or laws applicable, then the Company will hold an extraordinary general meeting on a case by case basis.

1.1 The Company has a policy to encourage all shareholders, including also institutional shareholder, to attend the shareholders' meeting.

1.2 The Company will prepare and send to the shareholders an invitation notice indicating the meeting venue, date, time, and agenda items, together with the explanation, reason and opinion of the Board of Directors on each agenda item or accompanying each proposed resolution as indicated in the invitation notice, or in the supporting documents so enclosed. The Company will send the notice along with supporting documents to the shareholders prior to the meeting as required by law and publicize the notice in a newspaper at least three days prior to the meeting date for three consecutive days. The Company will also post the notice on its website so that the shareholders will have enough time to study the meeting documents before the meeting.

1.3 The Company will facilitate the shareholders' exercise of rights to attend and vote at the meeting.

1.4 The Company will allow the shareholders to provide their opinions and suggestions as well as raise questions in advance prior to the meeting date under the clear criteria set by the Company as notified to the shareholders along with the meeting notice. Such criteria are also posted on the Company's website.

1.5 In case that shareholders cannot attend the meeting themselves, the Company allows shareholders to assign the Company's independent directors or any other persons to attend the meeting and act on their behalf, using either one of the proxy forms sent along with the meeting notice in which at least one independent director is proposed as an option for proxy assignment of the shareholders.

2. Proceeding on the date of shareholders' meeting

2.1 At the shareholders' meeting, all the shareholders will be treated equally. The chairman of the meeting will first inform the meeting of the procedure and voting and vote counting methods for each agenda item. The shareholders will be provided with sufficient time and opportunity to make comments and give suggestions as well as enquire about the matters on the agenda prior to voting thereon. The chairman will proceed with the meeting in accordance with the meeting agenda. The Board members will be present to answer relevant questions raised at the meeting. Significant issues and opinions will be recorded in the minutes of the meeting for reference and any examination by the shareholders.

2.2 For the agenda item on election of directors, the shareholders may vote on the nominated candidates one by one whom the shareholders consider qualified and appropriate for being directors to protect the shareholders' interests, allowing for the Board composition of directors with diversified expertise to represent the shareholders.

2.3 The Company encourages the meeting to propose an independent person to witness and verify the votes and vote counting at the meeting, and disclosure of the result of which at the meeting and also in the minutes of the meeting.

2.4 The Company provides ballot cards for voting on significant agenda items, such as related transactions, asset acquisition or disposal transactions, etc., for transparency and to allow for examination in case of any disagreement thereafter.

3. Preparation of minutes of the meeting and disclosure of meeting resolutions

3.1 After the meeting, the Company will have the meeting minutes prepared, containing accurate and complete information, together with questions raised and answers given at the meeting and voting result of each agenda item, clearly classified by number of shareholders who agree, disagree and abstain from voting, as well as name-list of directors present and absent at the meeting.

3.2 The Company will disclose the voting results on all agenda items on the following day on its website and will later post the minutes of the meeting on its website to allow for access by the shareholders.

Chapter 2 The Equitable Treatment of Shareholders

The Company has a policy of treating all shareholders on an equitable basis, regardless of whether they are large or retail shareholders or they are executives or non-executives. The Company allows the minority shareholders to nominate candidates for directorship in a reasonable time prior to the meeting date, to assign other persons to attend and vote at the meeting on their behalf, and to propose additional matters to the agenda prior to the meeting date.

The Company has taken measures preventing the directors and executives from using insider information for abusive self-dealing considered as an act taking advantage of other shareholders, such as insider trading or disclosure of internal information to persons related to the directors or executives which could cause damage to other shareholders in overall, among others.

The Company has required the directors and executives to disclose the information on their beneficial interests and those of their related persons to facilitate the Board of Directors' considering transactions that may have conflict of interest and making decision for the benefits of the Company. In this regard, the directors and executives who have conflict of interest in any transaction shall not take part in making decision on such transaction.

1. Internal control and risk management systems

The Company strictly controls and monitors the use of inside information to prevent any abusive self-dealing and maintain fairness to all stakeholders. The Company has set written guidelines for keeping inside information and for prevention of the use of inside information for abusive self-dealing, and communicated the guidelines to all staff organization-wide for further practice. Moreover, directors, executives and employees are required not to trade the Company securities and/or to enter into any legal acts using inside and/or confidential information, which may cause the Company direct or indirect

damage. In addition, directors, executives and employees in the work units receiving inside information of the Company must not use such information before disclosure to the public and also must not trade the Company securities by themselves, spouses and underage children, either directly or indirectly transaction (such as nominee through a private fund), within one month prior to the disclosure of quarterly and yearly financial statements and at least 3 business days after the disclosure of such information.

Chapter 3 The Role of Stakeholders

The Company respects the rights of all stakeholders, whether they are internal stakeholders like shareholders, executives and employees of the Company, or external stakeholders like creditors, customers, trade partners, competitors, the government sector, the society and the community. The Company is well aware that supports and viewpoints from all stakeholders will benefit the Company's business operation and development. Hence, the Company will comply with relevant laws and regulations so as to safeguard the rights of all stakeholders. In addition, the Company conducts its business with the rights of all stakeholders brought into consideration according to the following guidelines:

Shareholders	The Company has a policy of running its business with honesty, integrity and business ethics and puts best efforts in developing its business, and improving the operating performance to ensure consistent and reasonable returns on the investment of the shareholders and investors on a sustainable basis. The Company adheres to equitable treatment of its shareholders. Its directors, executives and employees are committed to performing duties with honesty and making decisions with transparency, carefulness, prudence and fairness to all shareholders for the maximum benefits of all shareholders.
Customers	The Company realizes the importance of customer satisfaction. It has adopted the ISO9001:2008 to its organization, and upheld a quality policy that reads: We will strive to impress our customers with prompt services and quality products supported by ongoing personnel development and rationalization of work process.
Trade partners and/or creditors	The Company has a policy to create good relationship with our trade partners and/or creditors and to run the business on the basis of mutual benefits that are fair to all parties. The Company treats all trade partners and/or creditors with due regard to the maximum benefits of the Company, avoids the circumstances that may cause conflict of interest, and complies strictly with the commitment or agreement to achieve mutual benefits. The Company will not commit any misconduct in dealing with trade partners and/or creditors. In case there is any information indicating occurrence of a dishonest act, the Company will inform the trade partners and/or creditors thereof and jointly seek solution on a fast and fair basis, and strictly comply with all conditions with the trade partners and/or creditors. Any inability to fulfill the conditions shall immediately be informed to the trade partners and/or creditors to find a solution.

Competitors	The Company has a policy to treat its competitors with adherence to fair competition rules, without seeking competitor's trade secret by any unfair or inappropriate method. The Company will abide by the competition rules, without any attempt to impair the competitor's reputation through false accusation or accessing the competitor's trade secret in a dishonest manner.
Employees	The Company considers its employees as its essential resource that will play an important role in supporting and driving the Company to successful operation. Therefore, the Company has a policy in place to improve the quality of life of all staff members with fair employment conditions, reasonable welfare packages, promising career path, and safe and sanitary work environment.
Public sector	The Company runs its business in order to support the country's advancement in accordance with the relevant laws, rules, regulations, as well as customary practice.
Community, Society and Environment	The Company values the responsibility for the community and the society by strictly following various standards relating to safety, security, sanitation and environment, and with the impact on natural resources and the environment taken into account. The Company has continuously fostered awareness of social and environmental responsibility among the staff at all levels and created activities that will promote the society, the environment and the quality of life of the people.

Chapter 4 Disclosure and Transparency

The Board of Directors attaches a high degree of importance on disclosure of accurate, complete, timely and transparent important information, both financial and non-financial, through reliable and easily accessible channels on an equitable basis. The Company has disseminated its information to shareholders, investors and the public through the channel and media of the Stock Exchange of Thailand and on the website of the Company. Its information is also compiled in the Annual Disclosure Statement (Form 56-1) and the Annual Report.

The Board of Directors is responsible for the financial statements of the Company and financial information presented in the Annual Report. The financial statements are prepared in accordance with generally accepted accounting standards in Thailand and with regular adoption of appropriate accounting policy and disclosure of adequate information therein.

As regards investor relations, the Company has not yet set up a specific work unit to deal with this area where activities so far have been in small volume. However, it has authorized the Managing Director to take charge of communicating with investors, shareholders, securities analysts, and relevant public agencies.

1. Disclosure

1.1 The Company is obliged to disclose information that affects decision making of investors and stakeholders. Information so disclosed, financial and non-financial, shall be accurate, complete, timely, reliable, transparent, not misleading and sufficient for investors to make decision, and shall accord with the criteria of Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, including also other significant information that affects the Company share price.

1.2 The Company makes available brief reports on corporate governance policy, code of conduct, risk management policy, and social and environmental policy, and results of implementation in compliance with such policies including also non-compliance cases thereof together with reasons (if any) in the Annual Report and on its website.

1.3 The Board of Directors reports its responsibility for the financial statements in the Annual Report together with report of the auditor.

1.4 The Company prepares management discussion and analysis (MD&A) to support its disclosure of its quarterly financial statements so that investors access information on changes to the Company's financial status and operating performance in each quarter in addition to figure data in the financial statements.

1.5 The Company discloses in the Annual Report audit fee and other service fees for the auditor.

1.6 The Company discloses in the Annual Report information on the roles and duties of the Board of Directors and specific Committees, number of meetings held and number of meetings attended by each director in the previous year, as well as opinions in relation to performance of duties and directorship training and development for directors.

1.7 The Company discloses in the Annual Report policy on payment of remuneration for directors and top executives of the Company that reflects their duties and responsibilities and types and nature of the remuneration, including also remuneration for any directorship on the board of subsidiaries (if any).

Chapter 5 Responsibilities of the Board of Directors

1. Board structure

1.1 The Board of Directors is composed of qualified members with diversified skills, experience and expertise that are beneficial to the Company. The Board plays an important role in determining corporate policies, overall business framework and business plans; monitoring, examining and assessing the operating performance of the Company in accordance with the policies and plans set forth; and running the business in compliance with the laws, articles of association and resolutions of shareholders' meetings with honesty, integrity, and business ethics under the code of best practice; as well as overseeing the management in administering the business to achieve the targets set forth in the best interests of the Company and its shareholders. The Board shall consist of at least one non-executive member with experience in trading of engineering products which is the Company's core business and at least one member with accounting and finance experience. The Board discloses the policy on the Board structure and composition and directors' office term in the Annual Report and on the Company's website.

1.2 The Board of Directors shall be composed of a sufficient number of directors to oversee the business operation with skills, experience and capabilities to ensure efficient performance of duties. There shall be at least five but no more than nine directors, and at least half of whom are non-executives for a

check and balance purpose. At present (December 31, 2014), the Board of Directors of the Company is composed of seven directors, of whom five are non-executive directors (three of whom are independent directors and Audit Committee members) and two are executive directors comprising one Managing Director and one Assistant Managing Director.

1.3 Out of the seven directors of the Board, three are independent directors, hence exceeding one-third of the total number of directors. The independent directors are able to give opinions and make comments on the operation of the management, resulting in check and balance in voting on significant issues and review of the performance of the management, hence maximum benefits to the Company. The three independent directors are also Audit Committee members.

1.4 The Board of Directors has appointed a qualified and experienced person as company secretary with duties and responsibilities as prescribed by the Securities and Exchange Act. The company secretary shall provide advice on relevant laws, rules and regulations necessary for the Board, and handle the Board activities, as well as coordinate with work units to implement according to the Board resolutions. The Company discloses qualification and experience of the company secretary in the Annual Report and on the Company website.

2. Specific Committees

2.1 The Company has set up specific Committees, comprising 1) Audit Committee as prescribed by Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, 2) Executive Committee, and 3) Risk Management Committee. They perform duties in specific areas, and propose the issues for approval or for information of the Board of Directors.

2.2 Specific Committees have the rights and duties as defined in the scope of duties and responsibilities of the respective Committees. The Chairman of the Board shall not be member of any specific Committees to ensure independence of such Committees.

3. Roles, duties and responsibilities of the Board of Directors

3.1 Responsibilities of the Board of Directors

The Board of Directors considers and approves significant issues of the Company such, i.e. vision, policies, strategies, targets, business plan, annual budget, internal control and risk management, as well as monitors and supervises the management's performance in accordance with the policies and plans set forth with efficiency and effectiveness.

3.2 Corporate governance policy

The Board of Directors has put in place the written corporate governance policy with approval of which given at its meeting no. 3/2014 on May 15, 2014. The policy has been communicated to all employees across the organization for their better and accurate understanding of and compliance with the policy. The Board regularly reviews the policy and compliance with the policy at least once a year.

3.3 Code of conduct

The Board of Directors values fair and ethical business operation with a code of conduct worked out in writing for adoption and disseminated to Board members, executives and all staff members organization-wide so that they understand the ethical standard applied to the operation of the Company. The code of conduct is used as the guideline for the Company to run its business with transpar-

ency, morality, responsibility for stakeholders, and awareness of the society and the environment. With dissemination through training and in-house media in various forms, the code of conduct reflects corporate values and work practice to be upheld and followed strictly by all staff members. Performance under the code of conduct is strictly and regularly monitored by the Board.

3.4 Conflict of interest

The Board of Directors has considered transactions that may have conflict of interests prudently and under clear guidelines in the best interests of the Company and the shareholders. The Board has set as a policy for its directors, executives and employees as well as their related persons to seek no interests that conflict those of the Company and to avoid any actions that may lead to conflict of interests. The related persons or persons with beneficial interests shall inform the Company of their connection in such transactions and shall not take part in any decision making thereon.

The Audit Committee has submitted related transactions and transactions with conflict of interests to the Board meeting at which consideration of the transactions has been made with due prudence.

3.5 Internal control

The Board of Directors has assigned the Audit Committee to take charge of review of appropriateness and efficiency of the internal control system established by the management, with preparation and review of the control systems on operation, financial report, compliance with rules, regulations and policies, supervision of the operation, and risk management where importance has been placed on early warning and irregular transactions.

The Company has engaged an external independent party, namely SP Audit Co., Ltd., to be responsible for internal control and audit of the Company to ensure appropriateness and adequacy in its internal control system.

3.6 Risk management policy

The Board of Directors has instituted the risk management policy on a comprehensive basis organization-wide, with the management assigned to implement the policy and report the result of which to the Board regularly. Review of the risk management system and assessment of the efficiency thereof shall be made at least once a year and disclosed in the Annual Report, or in any period when the risk level has changed. Attention has also been paid to early warning and irregular transactions.

3.7 The Audit Committee provides opinions on the adequacy of the internal control and risk management systems in the Annual Report.

3.8 The Board of Directors has put in place clear procedure for those who wish to give information on suspicious matters or persons via its website or direct report to the Company through its independent directors or Audit Committee members, so that investigation can be made and the result of which reported to the Board of Directors.

4. Board meeting

4.1 The Board of Directors shall hold a meeting at least four times a year (once every three months). The meeting schedule is set in advance for the entire year. There may be another meeting held one month before the annual general meeting of shareholders, and a special meeting held as necessary.

4.2 For every Board meeting, the Board Chairman and the Managing Director jointly consider

issues to be put on the agenda. Other Board members are also allowed to independently propose issues that they think would benefit the Company to be put on the agenda. It is the responsibility of all the directors to attend the Board meeting at least 75% of all the meetings held in each year.

4.3 The company secretary is in charge of sending the meeting notice together with the meeting agenda and meeting documents to all directors at least seven days before the meeting date so that they will have enough time to study the agenda items, unless in urgent case to protect the interests of the Company, the meeting notice may be made by other means and the meeting may be scheduled earlier.

4.4 The Chairman of the Board shall be chairman of the meeting to proceed with the meeting and allocate sufficient time for each agenda item. All directors are allowed to independently share opinions on significant issues with the interests of the shareholders and all stakeholders brought into consideration on a fair basis.

Decisions of the meeting shall be made by majority votes. Each director shall have one vote, but the director who has interests in any matter shall not be entitled to attend the meeting and/or vote on such matter. In case of a tie of votes, the chairman of the meeting shall have a casting vote.

5. Self-assessment of the Board

5.1 The Board of Directors and specific Committees regularly conduct self-assessment of their performance at least once a year so as to jointly consider their problems arising in their performance of duties and work out improvement and corrective measures.

5.2 The Company discloses the criteria, procedure and result of the self-assessment of the Board in overall in the Annual Report.

6. Remuneration

Remuneration shall be commensurate with the directors' roles, duties, experience, scope of accountability and responsibility and benefits expected from each of the directors. The Board of Directors has put in place clear policy and criteria of remuneration for directors and proposed for approval from the shareholders' meeting which is held annually. The criteria adopted are that setting of remuneration shall be transparent, examinable, reasonable, and comparable to that of the peers of the same size, as well as attractive enough to retain quality directors and commensurate with the increase in duties and responsibilities as in the case of directors assigned to assume duties in the Specific Committee such as members of Audit Committee, ect.

7. Development of directors and executives

7.1 The Board of Directors encourages and facilitates the training of and the provision of knowledge for concerned parties in the corporate governance mechanism including Board members, Audit Committee members, executives and company secretary to ensure ongoing improvement of work performance.

7.2 For every new director appointment, the management will provide the new director with documents and information useful for his performance of duty including information on the Company's nature of business and business direction.

7.3 The Board of Directors has designated for the Managing Director to regularly report the Board of the personnel development and succession plan. The Managing Director and top executives have to

prepare the succession plan to position successors in case they can no longer perform their duties.

7.4 The Board of Directors has made available executives development program, the progress of which is to be reported annually by the Managing Director. The development program is taken into account when considering the succession plan.

2. Specific Committee Structure

Specific Committees comprise Audit Committee, Executive Committee, and Risk Management Committee. They perform duties in specific areas, and propose the issues for approval or for information of the Board of Directors. These specific Committees have the rights and duties as defined in the scope of duties and responsibilities of the respective Committees, as below:

2.1 Audit Committee

As of December 31, 2014, the Audit Committee is composed of three members as follows:

No.	Name	Position
1.	Mr. Thakol Nunthirapakorn	Chairman of Audit Committee
2.	Mr. Sothitorn Mallikamas	Audit Committee member
3.	Miss Voranuch Supaibulpipat	Audit Committee member

Miss Prawonwan Saipan is secretary to the Audit Committee.

There is yet no internal audit work unit at present, The Company has hired SP Audit Co., Ltd., an external party who is not related to the Company to work as the internal auditor to examine and ensure the adequacy of the Company's internal control system.

2.2 Executive Committee

As of December 31, 2014, the Executive Committee is composed of three members as follows:

No.	Name	Position
1.	Mr. Wirat Sukchai	Chairman of Executive Committee
2.	Mrs. Valeeratn Chuerboonchai	Executive Committee member
3.	Mrs. Sirima Iamsakulrat	Executive Committee member

Mrs. Varinkan Teraumranon is secretary to the Executive Committee.

2.3 Risk Management Committee

As of December 31, 2014, the Risk Management Committee is composed of 13 members as shown in the Annual Report on the section of Management Structure.

3. Nomination of Directors and Executives

Board of Directors

The Company has no Nomination and Remuneration Committee to select and nominate qualified candidates to assume the positions of directors and executives. However, it has a procedure in place to nominate directors or executives in that major shareholders and/or representatives thereof, competent officers in the relevant function lines, directors, independent directors and executives jointly consider and nominate qualified and experienced candidates with good potential, with due regards to qualifications and experience considered instrumental to the being directors or executives, as follows:

1) Director shall have knowledge, competency and experience beneficial to the business operation; have integrity and business ethics in running business; and dedicate sufficient time to full contribution of his skills and knowledge to the performance of his duties.

2) Director shall have full qualifications and possess no prohibited characteristics pursuant to the Public Limited Companies Act, and the securities and exchange law, as well as have no sign of inappropriateness for being entrusted to manage the business of the public company as specified by the Securities and Exchange Commission ("SEC"). The director shall also be in the director and executive list of the securities-issuing company in accordance with the Notification of the Capital Market Supervisory Board regarding the criteria for recording of the name list of directors and executives of securities-issuing company.

3) Director may not conduct any business of the same nature as and in competition with the Company's business, and not be a partner or director of any juristic entity of the same nature as and in competition with the Company's business, whether for own benefits or for those of others, unless the shareholders' meeting is informed thereof before the resolution to appoint such director is made.

4) Director shall, without delay, inform the Company of his interests, either directly or indirectly, in any legal agreements executed by the Company, or of the increase or decrease in his holding of shares or debentures of the Company or affiliated companies.

Selection and nomination of directors shall conform to the procedure specified in the Company's Articles of Association. The appointment of such directors shall be subject to the approval of the shareholders' meeting. The resolution of the meeting shall be based on the majority of the shareholders attending the meeting and having the right to vote.

1. The shareholders' meeting shall elect Board of Directors, being composed of at least five members, to take charge of administering the overall business of the Company and performing duties within the scope prescribed by law, the Company objectives, Articles of Association and resolutions of the shareholders' meeting, as well as conducting any acts stipulated in the Memorandum of Association or other relevant acts. Directors may or may not be shareholders of the Company.

2. At least half of the total number of directors shall have domicile in the Kingdom of Thailand. All directors shall have full requisite qualifications and have no prohibited characteristics as prescribed by law.

3. The shareholders' meeting shall elect the directors in accordance with the following criteria and procedure:

(1) Each shareholder shall have one (1) vote for each share held.

(2) Each shareholder shall cast all the votes he has to elect one or several directors. In case of electing several directors, each shareholder may not divide his votes and allocate them to all such candidates in portions.

(3) The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until the required number of directors to be elected is met. Where the votes cast for candidates in descending order are tied, the chairman of the meeting shall have a casting vote.

4. At every annual ordinary general meeting of shareholders, one-third (1/3) of the total number of the directors of the Company shall retire by rotation. If the number of directors cannot be equally divided into three, the number of directors closest to one-third (1/3) shall retire.

Directors to vacate office in the first year and the second year after the Company registration shall be decided by drawing lots. For the years thereafter, the directors having been in office the longest shall retire. The vacating directors may be re-elected.

5. Any director wishing to resign from his office shall submit his resignation letter to the Company. Such resignation shall take effect from the date when the resignation letter reaches the Company.

The director resigning pursuant to the above paragraph will also inform the Share Registrar of his resignation.

6. In case any vacancy occurs in the Board of Directors for reasons other than retirement by rotation, the Board of Directors shall elect a person who has the required qualifications and has no prohibited characteristics under the public limited companies law or the securities and exchange law as a replacement at its upcoming meeting, unless the remaining duration of the vacating director's term of office is less than two months. The replacing director shall hold office only for the remaining term of office of the director whom he has replaced.

The resolution of the Board of Directors under the first paragraph shall be supported by the votes of at least three-fourths of the number of the remaining directors.

7. In case the entire Board of Directors vacate office, all the vacating directors shall remain in office temporarily to carry on the business only for a period of time as deemed necessary until the new Board of Directors take office, unless otherwise ordered by the court in the event of directors vacating office at the order of the court.

The vacating directors shall arrange a shareholders' meeting to elect a new Board of Directors within one month from the date of vacating office. They shall send a meeting notice to the shareholders at least 14 days prior to the meeting and publicize the notice in a newspaper at least three days prior to the meeting date for three consecutive days.

8. The shareholders' meeting may resolve for any director to vacate office before the retirement by rotation with the votes of at least two-third of the number of the shareholders and of at least have of the shares held by the shareholders attending the meeting and having the right to vote.

Independent Directors

The Company has defined the composition of the Board of Directors to include independent directors at least one-third of the total number of directors.

The Board or the shareholders' meeting (as the case may be) shall appoint independent directors to join

the Board of Directors. The number of independent directors to be appointed shall be at least one-third of the total number of directors, or at least three independent directors.

The criteria for selecting and nominating independent directors are based on those for the nomination of directors. An independent director shall have the required qualifications and no prohibited characteristics, just as in the case of a director pursuant to the Public Limited Companies Act, and the securities and exchange law, as well as other relevant notifications, stipulations and/or regulations. He shall have capabilities, specialized expertise, work experience and other required qualifications. Nominations of qualified candidates shall be submitted to the shareholders' meeting for election and appointment as directors. In case of any independent director vacating office before the end of the office term, the Board of Directors may appoint a new independent director with the required qualifications as a replacement. The replacing independent director shall hold office only for the remaining term of office of the independent director whom he has replaced.

Qualifications of an independent director shall be as follows:

1. Holding not more than 1% of the total shares with voting rights of the Company, or its principal company, subsidiary company, associated company, major shareholder, or controlling person of the Company, which shall be inclusive of the shares held by any related person thereof;

2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Company, or its subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Company unless the foregoing status has ended for no less than 2 years before the independent director assumes the post of Audit Committee member;

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or child, including the spouse of a child, of an executive, major shareholder, controlling person or person to be nominated as an executive or a controlling person of the Company or its subsidiary company;

4. Neither holding nor having held a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgement; and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

5. Neither being nor having been an auditor of the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

6. Neither being nor having been any professional service provider including legal adviser or financial adviser who receives an annual service fee exceeding Baht 2 million from the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person;

and not being a substantial shareholder, controlling person or partner of the professional service provider, unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as Audit Committee member;

7. Not being a director who has been appointed as a representative of a director of the Company, major shareholder, or shareholder related to the major shareholder of the Company;

8. Not undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, is competitive with the business of the Company or subsidiary company or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1% of the total shares with voting rights of a company undertaking any business the nature of which is the same as that of the Company or subsidiary company;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.

In this regard, the independent directors shall examine and certify their qualifications and independence at least once a year by presenting together with profile of directors as of year-end for preparation of the Annual Disclosure Statement (Form 56-1) and Annual Report.

Audit Committee Members

The Board of Directors or the shareholders' meeting (as the case may be) has appointed the Audit Committee composed of at least three members to perform duties in this specific area. Each Committee member shall be an independent director and shall not be assigned by the Board to make decision on the business operation of the Company, its principal company, subsidiary company, associated company, subsidiary company at the same level, major shareholders, or the person with controlling power of the company, and not be director of the principal company, subsidiary company, or subsidiary company at the same level that is a listed company. The Audit Committee members shall have the same duties as those prescribed in the Notification of the Stock Exchange of Thailand regarding qualifications and scope of work of Audit Committee.

In this regard, at least one Audit Committee member shall be a person with sufficient knowledge and experience to perform duty of reviewing the reliability of the financial statements.

Executive Committee Members

The Board of Directors has appointed the Executive Committee composed of members selected from directors, executives or high level employees of the Company, who can be entrusted to administer its normal business operation, handle managerial tasks, draw up the policy, business plan, budget, and management structure, and examine and monitor the operating results of the Company in line with the policy set forth by the Board of Directors.

Top Executives

The Company has a policy to recruit top executives by selecting from qualified persons with dependable skills, knowledge, and experience in this business area, in accordance with the Company's human resource management regulations and subject to approval by the Board of Directors or person authorized thereby.

The Board of Directors has selected and recruited a qualified candidate to take office as Managing Director. Appointment of the Managing Director shall be subject to approval by the Board of Directors. The Managing Director is authorized to recruit and employ qualified individuals with required skills, knowledge, and experience in this business area to take office in various positions, except for the positions of Division Director and higher (excluding Managing Director), selection and recruitment of whom shall be decided by the Executive Committee.

Appointment of head or executive in charge of internal control and audit shall be subject to prior approval by the Audit Committee.

4. Governance of Subsidiary and Associated Companies

Currently, the Company does not invest in any subsidiary and associated companies. However, as regards future investment, the Company has a policy to invest in related business or business contributing to its core business and having potential and profitability prospects in the long run. In case of investment in a subsidiary company, the Company will control or manage such company just like it is a work unit of the Company, and have representative directors on its board of directors in proportion to the Company's shareholding or as mutually agreed upon. Meanwhile, there will not be so much control by the Company in case of an associated company, whether. Whether to have representative directors on the associated company's board of directors shall be as considered appropriate and as mutually agreed upon. Such representatives shall have appropriate qualifications and experience to manage and closely monitor the subsidiary and associated companies' business operation to ensure achievement of the targets set forth.

5. Use of Inside Information

The Company strictly controls and monitors the use of inside information to prevent any abusive self-dealing and maintain fairness to all stakeholders. The Company has set written guidelines for keeping inside information and for prevention of the use of inside information for abusive self-dealing, and communicated the guidelines to all staff organization-wide for further practice. Moreover, directors, executives and employees are required not to trade the Company securities and/or to enter into any legal acts using inside and/or confidential information, which may cause the Company direct or indirect damage. In addition, directors, executives and employees in the work units receiving inside information of the Company must not use such information before disclosure to the public and also must not trade the Company securities by themselves, spouses and underage children, either directly or indirectly transaction (such as nominee through a private fund), within one month prior to the disclosure of quarterly and yearly financial statements and at least 3 business days after the disclosure of such information.

The Company has put in place disciplinary punishment measures to be taken against those who take advantage of the insider information by disclosing it and causing damage to the Company. The punishments include verbal warning, written warning, probation, termination of employment by firing or disposition, as the case may be, etc.

Moreover, the Company has informed the Board members and executives of their duty to report their holding of the Company securities and penal provisions in accordance with the Securities and Exchange Act B.E. 2535 (1992) and the regulations of the Stock Exchange of Thailand. The directors and executives have to report the holding of the Company's securities by themselves, their spouses and underage children to the Office of the SEC within 30 days from the date of their appointment as the

directors and executives, and also when there are any changes thereof, to report to the Company and Office of the SEC within three business days from the buying, selling, transfer, or receipt of such securities, in order to comply with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) and for disclosure to the public.

6. Remuneration for Auditor

In 2013 and 2014, the Company paid audit fee and other relevant service fee as below:

Unit: Baht

Auditor Remuneration	2014	2013
Audit fee	1,053,020	861,049
Other relevant service fee	-	-
Total remuneration for the auditor	1,053,020	861,049

The 2014 Annual General Meeting of Shareholders held on March 19, 2014 resolved to set the remuneration for the auditor for 2014 at Baht 900,000.

Corporate Social Responsibility

1. Corporate Social Responsibility Policy

The Company is aware of its corporate social responsibility (CSR), an element that enhances sustainable growth of the business. The Company has implemented on a continual basis and taken into consideration its vision, values, mission, and goal in establishing its CSR policy as follows:

1.1 Fair business operation

In the course of business operation, the Company is committed to fair and ethical administration, creating management credibility. The fair treatment shall apply to all groups of stakeholders, including shareholders, customers, business partners, and competitors. The Company promotes fair competition to motivate innovations and improvement of products and services, which will in turn contribute to economic growth and better standard of living in the long run. In addition, the Company also promotes social responsibility in all stages of business chain, takes responsibility for its actions which may affect the society and the environment, and the effect on other businesses due to its procurement activities, in order to avoid or minimize the negative impact, as well as respects the rights in properties and commits no violation of intellectual property. In so achieving, the Company has established the following guidelines:

Promote fair competition

1. Undertake the business activities in compliance with the law and competition regulations, and cooperate with the government authorities.
2. Establish the procedure and measure preventing the involvement in or conspiracy with the behavior against fair competition.
3. Ensure the employees be aware of fair competition and compliance with applicable competition law.
4. Promote fair competition and activities, and support anti-monopoly and anti-dumping.
5. Pay attention to the Company's social context and not take advantage of natural or social conditions, such as poverty, to unfairly create competitive advantages.

Promote social responsibility in value chain

1. Integrate social and environmental measures in the measures and procedures for procurement and distribution.
2. Encourage other relevant companies to accept and apply the similar policy in order to prevent unfair competition.
3. Actively participate in elevating awareness of the principles and issues relating to CSR activities in which the Company takes part.
4. Promote fair treatment to one another throughout the value chain, both in terms of costs and benefits of implementing CSR activities; that is to say, improve the capability to achieve the CSR targets in all operations of the value chains including appropriate procurement such as creating guarantee for fair price with adequate lead delivery time and an established trade agreement.

Promote respect for the right over property

1. Appropriately check to ensure that the Company is legally allowed to use and grant the right to use a certain property.

2. Not participate in any activity violating other person's properties, for example, inappropriately using advantageous marketing position, producing fake products, and intellectual property infringement.

3. Fairly pay for the use or acquisition of a certain property.

However, the Company has a compensation measure in place in case any stakeholders are affected by the Company's violation of the rights of the stakeholders. It opens a channel for providing information or reporting the violation of law or ethics through an independent director and a member of Audit Committee. The Company has an established procedure for actions to be taken after getting the report of such issue. The reported matter shall be investigated and then submitted to the Company's Board of Directors.

In addition, the Company also sets a practice guideline for the directors, top executives and employees, including code of ethics and accountability for the stakeholders. The guideline is aimed at creating behavioral standard for the operation of such personnel on an integrity basis. It is also a guideline for the Board members, top executives, and employees organization-wide to be aware and follow. In this regard, the Company has set a process to monitor such performance on a regular basis.

1.2 Anti-corruption

The Company is aware of the negative effects of corruption, fraud, and taking personal benefits of the organization. It has established an anti-corruption policy and appropriate practice guidelines to prevent corruption and set the course for the Board members, top executives, and employees to follow and to avoid inappropriate practice. Compliance with the established guideline shall be monitored regularly. The guideline shall be revised from time to time in order to suit the changes in business, regulations, requirements, and laws.

1.3 Fair treatment of employees

The Company values all employees who are important resources of the Company, driving the organization toward the business goal. Therefore, it has a policy in place to create good quality of life for employees by providing fair employment condition, suitable welfare, promising career path, and safe and healthy workplace.

All employees in the Company share the same value and practice that lead to the target. That is why the Company values its employees so as to create their career and life security. When the employees feel secured, they will produce efficient work. When they have a satisfactory working life, they tend to live a healthy and happy personal life. The employee welfare packages are under the responsibility of an ad hoc working committee assigned to take care of all employees at all levels and across the organization. The committee will make sure all employees feel involved as part of the dynamic mechanism that drives the business toward growth and stability. Apart from the salary, the Company also provides the employees with other welfare packages and benefits which are fair and appropriate for them. These welfare packages and benefits are competitive with other top private companies in the same industry and affordable by the Company.

2. Customer Responsibility

The Company conducts CSR for the customers through both employees' implementation

and departments' activities. It is well aware of the importance of quality products to ensure safe and convenience for the customers. Therefore, its product quality is of international standard. The Company has a policy to select and access environmentally friendly sources of materials. The procurement process is aboveboard, traceable, and clearly identified. The product qualifications and standard can be traced back. Products are stored according to the standard before delivering to the customers. Sales and marketing of the products are conducted in a fair manner for the customers. The Company provides adequate after-sale service and contacts the customers regularly after product delivery. It also makes available channels for dealing with customer complaints such as through phone call, employees, or e-mail. In this regard, marketing department is responsible for the complaints, making review, investigation, and correction thereof, and finding measures to prevent recurrence of such issue.

In addition, the Company also has product warranty provided to make the customer confident in the products. It keeps finding and procuring new products that provide more convenience and safety and help customers save cost, all for the benefits of the customers. The Company values and responds to the customers' demand in a speedy manner. To achieve this, it has established work procedures to run the business smoothly. As a result, the Company has earned recognition with ISO 9001:2008 certification in line with its quality policy saying "we will make customers impressed with our prompt services, quality products, and consistent development of human resources and work process."

3. Social, Community, and Environmental Responsibility

The Company has consistently created the employee awareness of social and environmental responsibility. The Company has regularly allocated part of its profit for the benefits of the society and the environment. It has tried to run its business with least effect on the society, the environment, and the quality of life of the people. The Company has complied with and cooperated by being adhered to the laws and regulations issued by public agencies. In addition, it has joined community and social activities focusing on development of the society, the community, the environment, and natural resource conservation. In this regard, certain measures have been imposed requiring the employees to be attentively responsible for adoption and implementation, such as energy saving policy and guideline for using air conditioners, lighting, and computers. The measures are aimed at optimizing the use of resources, cost saving, and creating awareness of sustainable energy saving, for the benefits of the public in general and in response to the government's policy on energy saving amid the upward trend of oil prices.

3.1 Social and environmental activities (CSR after process)

The company has arranged several activities to support the society, save the environment, and create the volunteering value to the employees. Some of these activities are:

- On November 12, 2011, the Company donated money and necessary items to support orphans from infants up to 6 years of age in Pattaya Orphanage, whose family cannot afford to raise them.
- On January 31, 2012, the Company donated money to Kasetsart University for making a special TV program on the occasion of the University's anniversary. In this program broadcast on Modern Nine TV, the University disseminated useful information on their research works, and art and cultural activities that it had created.
- On April 8, 2012, the Company collaborated with customers in sponsoring the Annual Walk & Run Charity at Don Bosco School with the purpose to raise funds for the school's students in need of

financial support, the underprivileged ones, and those with hearing disability.

- The Company in cooperation with Master of Engineering Program (Engineering Management), Kasem Bundit University, funded a field trip, social support activity, granting of scholarship and forest conservation activity at Makha Royal Project and at Ban Mai Pang Makha School in Phayao Province during November 22-25, 2013. The activities enabled students in a remote area to have access to school supplies and scholarship, and facilitated the Company's building of good relationship with people outside the organization.

- On January 30, 2013, the Company donated money to Kasetsart University for producing a special TV program on the occasion of the University's 70th anniversary. In this program broadcast on Modern Nine TV, the University disseminated useful information on their research works, and art and cultural activities that it had created.

- On November 2, 2013, the Company organized a charity project for Child Development Center at Ban Huai Phak, Ratchaburi Province. Under this project, the Company encouraged its staff members to procure and donate money and necessary items to support children aged 3-5, most of which were of Karen hill tribes along the western border with Myanmar.

- The Company donated money to Kasetsart University for producing a special TV program on the occasion of the University's 71st anniversary on February 2, 2014. In this program broadcast on Modern Nine TV, the University disseminated useful information on their research works, and art and cultural activities that it had created.

- The Company donated money for building and maintenance of the pagoda of Phra Phutthasaiyatlokanat Satsada Mahamuni at Wat Pa Phu Kon, Udon Thani Province.

- On November 29, 2014, the Company sponsored Run & Ride for Children's Chance Season II organized by Samitivej Srinakarin Hospital. All the funds raised from this event went to the New Life Fund of the hospital to support children with heart disease and those who need bone marrow transplant.

- Since November 2014, the Company has supported English skill development among children by donating English learning and tales books for children from pre-school to secondary school level in schools countrywide. The books will be used in classrooms so that the children have access to quality and effective learning materials in response to the educational curriculum reform.

Internal Control and Risk Management

The Company is well aware of the importance of a sound internal control system as it will facilitate the efficient business operation and promote good corporate governance within the organization. The Company has in place the Audit Committee to conduct a review to ensure the Company has appropriate and efficient internal control, and that the Company's operation is in compliance with the securities and exchange law, the stock exchange regulations, and other applicable laws.

Related Transactions

1. Necessity and reasonableness of related transactions

In 2014, the Company entered into a number of significant related transactions with relevant parties. The transactions were necessary and reasonable as they were in the normal course of business operations or in support of its business. Transaction prices were determined at market or fair prices applicable to transactions with outside parties. However, for operating assets transferred among companies in the group following transfer of employees for management restructuring purpose, most of which were computers in use for a long time and upgraded and maintained to be in usable conditions, such transactions would mainly be priced at book value. The related transactions undertaken by the Company up to present have been reasonable and at fair prices.

The Audit Committee has reviewed such related transaction and considered them necessary, reasonable, and beneficial to the Company.

2. Related transaction approval measure or process

The Board of Directors' meeting no. 3/2014 on May 15, 2014 resolved to establish a policy and process for approving related transactions between the Company and individuals who have or may have conflict of interest on or beneficial interest in the transaction, such as the major shareholders, directors, executives, persons with controlling power, connected persons, or related persons, etc. The Company will comply with the securities and exchange law, provisions or notifications or stipulations of the Office of the Securities and Exchange Commission, Capital Market Supervisory Board, and the Stock Exchange of Thailand regarding such matters, as well as the regulations regarding disclosure of information on related transactions according to the accounting standards set forth by the Institute of Certified Accountants and Auditors of Thailand. In this regard, persons with conflict of interest or beneficial interest in the transactions shall not be entitled to take part in consideration of or to vote on the transactions.

In case prescribed by law to seek approval of such transactions from the Board of Directors' or the shareholders' meeting, the Company will designate the Audit Committee to attend the meeting to consider and give opinion on the necessity and reasonableness of the transactions.

Making of the related transactions that are under general commercial conditions and transactions that are not under general commercial conditions shall be subject to the following criteria:

Related transactions with general commercial conditions

For related transactions with general commercial conditions done between the Company and persons that have or may have conflict of interest or beneficial interest, at present or in the future, the Company has set a scope for doing such transactions, which has been reviewed and endorsed by the Audit Committee and approved in principle by the Board of Directors. Within such scope, when any of such transactions is to be made, approval may be sought only from the management, subject to the conditions that such transaction shall carry commercial conditions similar to those under which a person of ordinary common sense would do with a general counterparty under the same situation, having the bargaining power without any influence from the status of being directors, executives or persons otherwise on an arm's length basis, and being commercial transaction to be done in general by the Company for business operation, or commercial transaction generally done by a company in the same business to support its own normal business, with fair prices and conditions, and would not result in the transfer of

benefits, including the following commercial conditions:

- 1) Prices and conditions offered to the Company or offered by the Company to persons in general
- 2) Prices and conditions offered by related persons to persons in general
- 3) Prices and conditions proven by the Company that companies of similar nature of business would offer to persons in general

However, when there is any transaction made on an arm's length basis as stated above, the management will make decision thereon. After an approval is given, a report on such related transaction will be prepared and submitted to the Board of Directors for information. In case that the Audit Committee and the Board of Directors find out that such transaction has not been undertaken in compliance with the policy in place, they may jointly discuss to find a solution.

Related transactions with non-general commercial conditions or other transactions

For related transaction with non-general commercial conditions or other transactions made between the Company and the persons that have or may have conflict of interest or beneficial interest, at present or in the future, the Company shall present to the Audit Committee to weigh the necessity and reasonableness in making the transaction as well as fairness of the price and conditions by comparing with a third party or the market price, before presenting to the Board of Directors and/or the shareholders' meeting, as the case may be, for approval. In case that the Audit Committee does not have the specialized knowledge on such transaction, the Company will engage an independent expert or the Company's auditor to provide an opinion on such related transaction to support the consideration and decision of the meeting of the Audit Committee, the Board of Directors, and/or the shareholders' meeting, as the case may be. The Board/Committee members or the shareholders who have conflict of interest or beneficial interest in such transaction shall not be entitled to take part in consideration of or to vote on the transaction.

The Company will disclose the related transactions made by the Company in the Notes to Financial Statements audited by the Company's auditor in the Annual Report and the Annual Registration Statement (Form 56-1).

3. Policy or tendency of entering into related transactions in future

The Company expects to continue doing related transactions from its normal business operation and in support of its normal business operation, i.e. rent of office building space, warehouse and vehicle rent, sales and purchase of goods, and management service of supporting work. However, loan guarantee provided by directors and/or loan security with directors' assets may be relaxed after the Company stock is listed on the MAI. If the Company does not release such guarantee/collateral, the directors shall continue such guarantee/collateral obligations free of charge. Any related transactions existing or those to take place in future will be subject to definite pricing policy with fair market prices and conditions and not resulting in transfer of benefits, and in the best interest of the Company. The Audit Committee shall review and give opinions on the related transactions with general commercial conditions or in support of the normal business on a quarterly basis.

To enter into related transactions in future, the Company shall comply with the securities and exchange law, provisions or notifications or stipulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand, and abide by the regulations regarding disclosure of related transaction information of the Company according to the accounting standards established by the Institute of Certified Accountants and Auditors of Thailand.

Management Discussion and Analysis (MD&A)

1. Discussion and Analysis of Operating Performance and Financial Position

1.1 Overview of Performance and Financial Position

The Company is an importer and distributor of valves and equipment for fire protection system and valves and equipment for sanitary and air-conditioning system, offering a wide variety of more than 3,000 product categories under over 25 well-known brands. Of these, the Company has been designated as an authorized dealer for 16 brands, by serving as a sole distributor in Thailand for two brands, namely “Potter Electric” and “Weiss,” and as one of the authorized distributors in Thailand of each of such products for the rest 14 brands. Besides, there are three house brands created by the Company, comprising “Guardian,” “Valtec” and “Spark,” which are particularly produced for, or are ordered by, other local and international manufacturers who are unrelated to the Company. The Company also offers firefighting system installation services, which include consulting, designing and installation of firefighting systems, with its skillful engineering team.

The Company’s total revenues consist of revenues from sales and services and other revenues.

Revenues from sales and services are the major revenues generated from the Company’s business operation, comprising:

1) Revenues from sales of products are derived from distribution of valves and equipment for fire protection system and valves and equipment for sanitary and air-conditioning system to contractors for further erection in the buildings for which they are directly hired and place orders for the products as specified by the project contractors or designers, whereby the Company is to procure the products that meet the specifications set forth. The Company also generates such revenues from distribution to retailers or suppliers of products related to fire protection system and engineering systems, which are its trade partners, for further re-selling to small contractors or users of the products at buildings and factories. Only a small portion of its products are sold directly to end-users for installation at their buildings and residences.

2) Revenues from fire protection project contracting are generated from projects for which the Company serves as a contractor by itself. The Company procures/sells products together with an offering of consulting, designing and installation services for foam fire protection system, fire pump system, fire protection pipe system, FM 200 automatic fire protection system, and fire suppression and alarm system, including inspection and maintenance services provided directly to owners of buildings and factories. Besides the engineering readiness and team of skilled engineers of its own, the Company also subcontracts some external technician teams and workers to undertake the projects under the Company’s supervision. Most of its previous projects were fire protection system installation services for factories, employing not only its own products as described in 1) but also other fire protection system equipment such as large foam tanks for installation according to customers’ requirements. Each project takes an average of 3 - 6 months to complete. Revenues are recognized in proportion to the stage of completion of the project, which is assessed by the Company’s engineering team by the end of every quarter.

Revenues from sales and services are primarily consistent with economic condition and construction industry situation, including private sector and government sector projects such as residential buildings, office buildings, hospitals, department stores, public transport terminals, underground train systems, airport buildings, industrial factories, power plants, energy plants, petrochemical plants, etc. These buildings likely have an increasing demand for fire protection system to conform to the building and factory control law that requires an improvement of fire protection system to meet the acceptable standard. As a consequence, there are orders for the Company's products through both trading of specific items and contracting services for fire protection system installation, mostly at existing or extended factory buildings, whereby the Company will design, set system specifications and procure the products and equipment for installation in any such projects. Moreover, customers or contractors who have ordered fire protection systems from the Company always require that the Company also procure sanitary and air-conditioning system for them. The Company therefore simultaneously earns income from sales of these products, but in an insignificant proportion when compared with its total sales volume.

From its performance in 2012-2014, the Company recorded total revenues of Baht 495.75 million, Baht 521.26 million and Baht 583.43 million respectively. Almost the entire revenues came from sales and services, amounting to Baht 493.68 million, Baht 518.61 million and Baht 572.04 million respectively. They could be broken down into revenues from sales of fire protection system products, making up 80% - 87%; revenues from sales of sanitary and air-conditioning system products, 6% - 11%; and revenues from fire protection system installation contracting services, 6% - 11% of revenues from sales and services during such period.

Costs of sales and services were Baht 354.83 million in 2012, Baht 369.86 million in 2013 and Baht 422.05 million in 2014, representing 71% - 74% of revenues from sales and services during such period. Costs of sales and services increased in tandem with sales growth and mainly came from costs of products procured for further distribution and/or installation according to customers' orders and mostly imported from producers for which the Company serves as an authorized distributor.

Selling and administrative expenses totaled Baht 62.73 million, Baht 74.30 million and Baht 83.78 million in 2012-2014 respectively, constituting 13% - 14% of total revenues during such period. Selling expenses amounted to Baht 25.74 million, Baht 27.47 million and Baht 28.66 million in 2012-2014 respectively. Selling variable expenses would vary with total sales and were mainly comprised of commission and incentive for sales staff, which increased in line with the yearly sales growth. Administrative expenses accounted for Baht 36.99 million in 2012, Baht 46.83 million in 2013 and Baht 55.12 million in 2014, consisting largely of fixed costs such as salary, central administrative cost, property rental, etc. From late 2012 to 2014, the Company restructured its supporting service management by transferring this function from Harn Engineering Co., Ltd. ("Harn"), its related company, to be operated by the Company itself and gradually accepting employee transfer from Harn. This led to a change in its administrative expenses structure, with a drop in central service expenses and an increase in personnel expenses due to such employee transfer. Moreover, expenses were reclassified by shifting the record of Managing Director's remuneration from 'selling expenses' to 'administrative expenses,' hence a rise in administrative expenses.

The Company posted a net profit of Baht 58.95 million in 2012 and Baht 61.16 million in 2013, representing a continuous increase. In 2014, however, the net profit decreased to Baht 60.61 million from Baht 61.16 million in 2013.

As at the end of 2012-2014, the Company had total assets of Baht 242.03 million, Baht 281.38 million and Baht 572.37 million respectively. The assets were entirely composed of current assets. The major items were trade and other receivables, inventories and current investments, which aggregately made up 92%, 95% and 91% of total assets respectively.

Total liabilities were Baht 99.86 million, Baht 105.67 million and Baht 111.84 million as at the end of 2012-2014 respectively, almost entirely consisting of current liabilities. The main item was trade and other payables, equivalent to 72%, 76% and 79% of total liabilities respectively.

As of year-end 2012, 2013 and 2014, the Company's shareholders' equity stood at Baht 142.17 million, Baht 175.71 million and Baht 460.53 million respectively. The ongoing growth in shareholders' equity in the end of 2012 and 2013 was ascribed partly to an increase in retained earnings resulting from the yearly performance improvement and partly to a capital increase of Baht 61.00 million during 2012, offset by annual dividend payment of Baht 108 million in 2012 and Baht 27.63 million in 2013. For 2014, the decline in shareholders' equity was caused by dividend payment of Baht 99 million, offset by a capital increase of Baht 175 million and a net profit of Baht 60.61 million. The Company's debt to equity ratio remained at a low level since it raised only a small amount of short-term borrowing from financial institutions, staying at 0.70 time, 0.60 time and 0.24 time as at the end of 2012-2014 respectively.

1.2 Analysis of Operating Results

The Company recorded total revenues of Baht 495.75 million in 2012, increasing by Baht 25.51 million or 5.15% to Baht 521.26 million in 2013 and increased from 2013 by Baht 62.17 million or 11.93% to Baht 583.43 million in 2014. Nearly all of the total revenues, or around 97% - 100%, were revenues from sales and services. The remainder were other revenues, including realized gain on foreign exchange, compensation from product insurance, and revenues from supporting service provision, which made up about 0.2% - 3% of total revenues during such period.

Total revenues generated by the Company in 2012-2014 were as detail shown on topic revenue structure of Annual Report 2014

Revenues from sales and services

Revenues from sales and services of the Company were consistent with economic condition and construction industry situation. In 2011-2013, the Company earned total revenues from sales and services of Baht 380.61 million, Baht 493.68 million and Baht 518.61 million respectively, growing by Baht 113.07 million or 29.71% in 2012 and by Baht 24.93 million or 5.05% in 2013. For 2014, revenues from sales and services amounted to Baht 572.04 million, an increase of Baht 53.43 million or 10.30%. Revenues from sales and services were comprised of revenues from sales of fire protection products, revenues from sales of sanitary and air-conditioning products, and revenues from fire protection system installation services, accounting for 80%-87%, 6%-8% and 6%-11% of total revenues during such period respectively.

Roughly 90% of revenues from sales and services were from sales of fire protection products, while the remainder came from sanitary and air-conditioning products, details of which are as follows:

Revenues from sales of fire protection products and fire protection system installation services totaled Baht 452.05 million in 2012, Baht 484.34 million in 2013 and Baht 537.64 million in 2014, representing 91.18%, 92.92% and 93.99% of total revenues respectively and rising by Baht 32.29 million or 7.14% in 2013 and by Baht 53.30 million or 11.00% in 2014, as tabulated below:

Revenues	2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Sales of fire protection products	413.22	83.35	451.66	86.65	475.15	81.44
2. Fire protection system installation services	38.83	7.83	32.68	6.27	62.49	10.71
Total	452.05	91.18	484.34	92.92	537.64	92.15
Total revenues	495.75	100.00	521.26	100.00	583.43	100.00

In 2012-2014, the Company brought in revenues from sales of fire protection products of Baht 413.22 million, Baht 451.66 million and Baht 475.15 million respectively, up by Baht 38.44 million or 9.30% in 2013 and Baht 23.49 million or 5.20% in 2014. Revenues from fire protection system installation services were Baht 38.83 million, Baht 32.68 million and Baht 62.49 million in 2012-2014 respectively, which decreased by Baht (6.15) million or (15.84)% in 2013 and then increased by Baht 29.81 million or 91.22% in 2014.

Revenues from sales of sanitary and air-conditioning products in 2012-2014 were as follows:

Revenues	2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Sales of sanitary and air-conditioning system	41.63	8.40	34.27	6.57	34.40	5.90
Total revenues	495.75	100.00	521.26	100.00	583.43	100.00

In 2012-2014, the Company earned revenues from sales of sanitary and air-conditioning products of Baht 41.63 million, Baht 34.27 million and Baht 34.40 million respectively, dropping by Baht (7.36) million or (17.68)% in 2013 and rising by Baht 0.13 million or 0.40% in 2014.

Revenues from sales and services of the Company were consistent with economic condition and construction industry situation. In 2012, a sharp increase in revenues from sales and services, relative to 2011, was spurred by construction sector's recovery and strong growth after the devastating massive floods that hit Thailand in the latter half of 2011 and disrupted most construction activities. The flood crisis easing in 2012 consequently led to a pickup in construction industry, as evident from emerging of several new construction projects and renovation of various buildings. The Company could thus remarkably

increase its sales of products through both distribution to contractors of construction projects and direct sales to owners of the buildings under its project contracting services. The projects that used products and services from the Company and constituted a significant amount of its sales in 2012 included EGAT's power generation projects in Wang Noi District, Phra Nakhon Si Ayutthaya Province, and Chana District, Songkhla Province, 185 Rajadamri Condominium, Cannon Factory at 304 Industrial Estate, Prachin Buri Province, etc.

In 2013, revenues from sales and services grew minimally, compared with 2012, which was in line with a slight increase in the country's overall construction sector. Such growth was primarily driven by sales of fire protection products to contractors. At the same time, revenues from fire protection system installation services and revenues from sales of sanitary and air-conditioning products and equipment diminished from 2012. The projects that used products and services from the Company and constituted a significant amount of its sales in 2013 were Tesco Lotus Distribution Center in Khon Kaen Province, D Condominium, Honda Factory at Rojana Industrial Estate, Phra Nakhon Si Ayutthaya Province, Bridgestone Factory at Amata City, Rayong Province, etc.

In 2014, the Company's revenues from sales and services continued to increase with respect to both revenues from sales of products and revenues from installation services, albeit a dramatic slump in the country's economy and construction sector with a negative GDP growth rate. Such revenue growth resulted partly from the Company being appointed as authorized distributor for additional brand, OVENTROP balancing valve. The projects that used products and services from the Company and constituted a significant amount of its sales in 2014 were BAXTER Factory in Rayong Province, Tesco Lotus Distribution Center in Surat Thani Province, etc.

Other revenues

Other revenues in 2012-2014 were Baht 2.07 million, Baht 2.65 million and Baht 11.39 million respectively, consisting of realized gain on foreign exchange, interest income, gain on sales of shares or investment units, gain on disposal of assets, compensation from product and property insurance, etc. Other revenues soared by Baht 0.58 million or 28.02% in 2013 and Baht 8.74 million or 329.81% in 2014. The increase in other revenues in 2012 was attributed to realized gain on foreign exchange during the year of Baht 1.10 million and gain on disposal of assets of Baht 0.44 million. In 2013, such increase in other revenues resulted mainly from compensation from product insurance of Baht 1.66 million. This was because during the installation of a fire protection system at a customer's warehouse, the customer's products were damaged and the Company accordingly indemnified the customer for such damage in an amount of Baht 2.13 million, which the Company recorded as administrative expenses in its account. In this case, the Company received compensation from the insurance company in an amount of Baht 1.66 million. Besides, there was loss on foreign exchange of Baht 1.10 million. For 2014, the increase in other revenues was primarily ascribed to a rise in revenues from supporting service management for related companies of Baht 8.86 million, offset by a drop in compensation from product insurance of Baht 1.80 million.

Costs of sales and services

Costs of sales and services in 2012 – 2014 were Baht 354.83 million, Baht 369.86 million and Baht 422.05 million and rose by Baht 15.03 million and Baht 52.17 million or 4.24% and 14.10% respectively. The major item was cost of products procured for distribution, making up 60% - 65% of total costs of sales and services. The remainder were import tariff, freight, labor cost for equipment installation, etc.

	2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Revenues from sales and services	493.68	100.00	518.61	100.00	572.04	100.00
Costs of sales and services	354.83	71.87	369.86	71.32	422.05	73.78
Gross profit	138.85	28.13	148.75	28.68	149.99	26.22

The increase in costs of sales and services was largely due to an increase in procurement of products for distribution in tandem with the annual growth in revenues from sales and services. Costs of sales and services accounted for 71.87%, 71.32% and 73.78% of revenues from sales and services respectively, with gross profit margin of 28.13%, 28.68% and 26.22% respectively.

Selling and administrative expenses

Selling and administrative expenses totaled Baht 62.73 million in 2012, Baht 74.28 million in 2013 and Baht 83.78 million in 2014, representing 12.65%, 14.25% and 12.79% of total revenues respectively, details of which are as follows.

	2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Selling expenses	25.74	5.19	27.47	5.27	28.66	4.91
Administrative expenses	36.99	7.46	46.64	8.95	55.12	9.45
Total selling and administrative expenses	62.73	12.65	74.11	14.22	83.78	14.36
Total revenues	495.75	100.00	521.26	100.00	583.43	100.00

Selling expenses

Selling expenses amounted to Baht 25.74 million, Baht 27.47 million and Baht 28.66 million in 2012-2014 respectively, up by Baht 1.73 million or 6.72% in 2013 and Baht 1.19 million or 4.33% in 2014. Selling expenses made up 5.19%, 5.27% and 4.91% of total revenues respectively. The major item was remuneration for sales staff, comprising salary, commission and incentive. The rest included transport cost, fuel cost, public relations expenses, etc.

The increase in selling expenses in 2012 was caused mainly by a substantial increase in commission and incentive for sales staff as they could achieve the high sales targets set by the Company, although in such year the Company changed the record of bonus for Managing Director by moving it from the 'selling expenses' caption to the 'administrative expenses' caption and also changed the record of expenses on fire protection system installation services by moving such expenses from the 'selling expenses' caption to the 'costs of sales and services' caption. The increase in selling expenses in 2013 resulted mainly from a rise in expenses on product insurance of Baht 2.13 million and public relations expenses of Baht 1.23 million. However, in 2013, the record of Managing Director's salary was shifted from the 'selling expenses' caption to the 'administrative expenses' caption. The increase in selling expenses in 2014 was attributable to an increase in commission and incentive for sales staff and a hike in transport cost and external public relations service cost, which was in line with sales growth from the preceding year.

Administrative expenses

Administrative expenses were Baht 36.99 million, Baht 46.64 million and Baht 55.12 million in 2012-2014 respectively, a surge of Baht 9.65 million or 26.09% in 2013 and Baht 8.48 million or 18.18% in 2014. Administrative expenses accounted for 7.46%, 8.95% and 9.44% of total revenues respectively. They were largely composed of remuneration for employees and cost of supporting services, which were provided by Harn before the management restructuring. Other administrative expenses included office rental and service fee, expenses on product insurance, personnel-related expenses, etc.

The increase in administrative expenses in 2012 stemmed from an increase in bonus for employees of Baht 4.10 million, partly due to the change in record of bonus for Managing Director from the 'selling expenses' caption to the 'administrative expenses' caption. In 2013, the increase in administrative expenses was primarily a result of an increase in staff salary of Baht 7.91 million. This was because the Company undertook a management restructuring from late 2012 until early 2014 by accepting a transfer of supporting operations and 40 employees from Harn to be totally managed by the Company itself. Besides, there was an increase in salary caused by the change in record of Managing Director's salary as described above. Employee benefit obligations also went up by Baht 2.20 million, springing from an increased number of employees following such employee transfer from Harn. The increase in expenses on product insurance was caused by the damage incurred during the installation of a fire protection system at the customer's warehouse of Baht 2.13 million (the Company received compensation for such damage from the insurance company in the amount of Baht 1.66 million). The increase in office rental stemmed from renting of additional office space to accommodate the employees transferred from Harn. Meanwhile, office service fee incurred from hiring of Harn to provide supporting services decreased by about Baht 9.10 million, following the transfer of such operations and employees of Harn to be managed by the Company itself.

For the administrative expenses in 2014, the Company recorded an increase in personnel-related

expenses which included salary and bonus, professional fees, meeting allowance for directors, and public utility fees. In this period, no central administrative expenses were payable to Harn since, in January 2014, the Company accepted a transfer of supporting service operations and all the remaining employees from Harn to be managed by the Company itself, leading to a drop in central service costs of Baht 4.57 million. The Company has fully utilized those employees, who, besides working for the Company, also provide other member companies in the group with the supporting services, which had been their previous jobs before the management restructuring.

Finance costs

In 2012-2014, the Company recorded finance costs of Baht 1.30 million, Baht 0.68 million and Baht 0.43 million respectively, falling sharply by Baht (0.62) million or (47.69)% in 2013 and Baht (0.25) million or (36.76)% in 2014. The drop in finance costs in 2013 was ascribed to a decrease in short-term loans from financial institutions and in funds received from short-term loans from related persons or companies when compared with 2012. In 2013, short-term loans from financial institutions amounted to Baht 18.96 million and funds received from short-term loans from related persons or companies accounted for Baht 13.00 million, while repayment thereof was Baht 21.71 million and Baht 13.00 million respectively.

In 2014, finance costs totaled Baht 0.43 million, a drop of Baht 0.25 million or 36.76% from Baht 0.68 million in 2013.

Corporate income tax

Corporate income tax was Baht 17.94 million in 2012, Baht 15.26 million in 2013 and Baht 16.56 million in 2014. For 2013, the Company recorded a profit before income tax of Baht 76.42 million, which was close to 2012, but its corporate income tax declined due to tax cut by the government from 23% in 2012 to 20% in 2013.

In 2014, the Company's corporate income tax totaled Baht 16.56 million, rising by Baht 1.30 million or 8.51% from Baht 15.26 million in 2013.

Gross profit and gross profit margin

Gross profit in 2012-2014 amounted to Baht 138.85 million, Baht 148.75 million and Baht 149.99 million, representing a gross profit margin of 28.13%, 28.68% and 26.22% respectively. The gross profit margin in 2012 shrank from 2011 due mainly to a dramatic increase in costs of sales and services subsequent to the change in recording of installation expenses of contracting projects from the selling expenses caption to the costs of sales and services caption. In 2013, the gross profit margin edged up slightly or remained at about the same level as that in 2012.

For 2014, the gross profit margin diminished from 2013 to 26.22%, due primarily to hikes in costs of products and materials at home and overseas and also due to impacts from higher costs of imported products after conversion into baht which had sharply weakened from the previous year. At the same time, the Company was unable to promptly revise up prices of all products. The Company, however, intended to both expand a new customer base and maintain the existing client base and then to gradually adjust prices up.

Net profit and net profit margin

The Company posted a net profit of Baht 58.95 million, Baht 61.16 million and Baht 60.61 million in 2012-2014 respectively, an increase of Baht 2.21 million or 3.75% in 2013 and a drop of Baht 0.55 million or 0.90% in 2014. The net profit margin stood at 11.89%, 11.73% and 10.39% respectively.

	2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Total revenues	495.75	100.00	521.26	100.00	583.43	100.00
Costs of sales and services	354.83	71.57	369.86	70.95	422.05	72.34
Selling expenses	25.74	5.19	27.47	5.27	28.66	4.91
Administrative expenses	36.99	7.46	46.83	8.98	55.12	9.45
Finance costs	1.30	0.26	0.68	0.13	0.43	0.07
Total costs and expenses	418.86	84.48	444.84	85.33	506.26	86.77
Profit before income tax	76.89	15.51	76.42	14.66	77.17	13.23
Income tax	17.94	3.62	15.26	2.93	16.56	2.84
Net profit for the year	58.95	11.89	61.16	11.73	60.61	10.39

In 2013, the net profit increased minimally since the Company could generate higher revenues with a slight increase in the gross profit margin, while its administrative expenses went up considerably and operating profit was close to that of 2012. However, its tax expenses decreased in line with the tax cut by the government from 23% in 2012 to 20% in 2013, hence a slight increase in its net profit.

In 2014, the net profit declined by Baht 0.55 million or 0.90% from Baht 61.16 million in 2013 to Baht 60.61 million, and the net profit margin diminished slightly from the preceding year to 10.39%. Despite the healthy growth in revenues, costs of sales and services edged up significantly with a drop in the gross profit margin, thus leading the net profit to stay at the same level as the previous year and the net profit margin to decrease.

1.3 Analysis of Financial Position

Assets

The Company had total assets of Baht 242.03 million, Baht 281.38 million and Baht 572.37 million as at the end of 2012-2014 respectively, growing by Baht 39.35 million or 16.26% as at the end of 2013 and dramatically rise to Baht 290.99 million or 103.42% as at year-end 2014.

Return on assets ("ROA") was 26.25% in 2012, 23.37% in 2013 and 18.18% in 2014. The increase in ROA in 2012 was attributed to a sharp rise in net profit against minimal growth in the average total assets (as at the end of 2011-2012). For 2013, the drop in ROA resulted from a slight increase in net profit against substantial growth in the average total assets (as at the end of 2012-2013) due to increases in current investments and trade and other receivables. In 2014, ROA (annualized) declined slightly when compared with 2013 because net profit (annualized) was about the same as that of the preceding year, while the average total assets grew marginally.

The major asset item was trade and other receivables, which amounted to Baht 120.18 million, Baht 130.18 million and Baht 129.86 million or represented 49.66%, 46.26% and 22.69% of total assets respectively, followed by inventories, which were Baht 101.63 million, Baht 102.16 million and Baht 101.52 million or 41.99%, 36.31% and 17.74% of total assets respectively.

Details of significant changes in total assets could be summed up as follows:

Current investments

Current investments as of year-end 2012-2014 totaled Baht 0.08 million, Baht 28.27 million and Baht 270.16 million, representing 0.03%, 10.05% and 47.20% of total assets respectively. Current investments were short-term investments in Bualuang Thanatavee Fixed Income Fund, on which the Company made an investment decision based on its excess liquidity during any such period.

Trade and other receivables

Unit: Baht million	Dec 31, 2012		Dec 31, 2013		Dec 31, 2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Trade accounts receivable						
Not yet due	83.19	69.22	87.34	67.09	94.75	72.96
Overdue						
Less than or equal to 3 months	35.04	29.16	39.09	29.96	30.03	23.12
More than 3 up to 6 months	0.23	0.19	1.70	1.31	1.35	1.04
More than 6 up to 12 months	0.73	0.61	1.29	0.99	0.76	0.59
More than 12 months	1.01	0.84	0.96	0.74	0.65	0.50
Total	120.20	100.02	130.38	100.15	127.54	98.21
Less Allowance for doubtful accounts	(0.80)	(0.67)	(1.58)	(1.21)	(1.97)	(1.52)
Trade accounts receivable - net	119.40	99.35	128.80	98.94	125.57	96.70
Other receivables	0.78	0.65	1.38	1.06	4.29	3.30
Trade and other receivables - net	120.18	100.00	130.18	100.00	129.86	100.00

As at the end of 2012-2014, trade and other receivables-net accounted for Baht 120.18 million, Baht 130.18 million and Baht 129.86 million or 49.66%, 46.26% and 22.69% of total assets respectively. They were composed of trade accounts receivable as at the end of 2012-2014 of Baht 120.20 million, Baht 130.38 million and Baht 127.54 million or 100.02%, 100.15% and 98.21% of trade and other receiv-

ables-net respectively; and other receivables as at the end of 2012-2014 of Baht 0.78 million, Baht 1.38 million and Baht 4.29 million or 0.65%, 1.06% and 3.30% of trade and other receivables-net respectively. Allowance for doubtful accounts as at the end of 2012-2014 amounted to Baht 0.80 million, Baht 1.58 million and Baht 1.97 million or 0.67%, 1.21% and 1.52% of trade and other receivables-net respectively.

Trade accounts receivable as of year-end 2013 increased from the end of 2012 by Baht 10.18 million, which was in line with the annual sales growth. However, as at the end of 2014, trade accounts receivable declined from the end of 2013 by Baht 2.84 million due to improvement in debt collection management which led to a drop in overdue debts. Trade accounts receivable mainly consisted of contractors or trade partners for firefighting equipment.

The average debt collection period was 78 days in 2012, 87 days in 2013, and 68 days in 2014, which was about the same in each period. The Company granted an average credit term of 30 - 90 days from the date of service rendering or product delivery. The average debt collection period was longer than the credit term because the Company received payment according to customers' schedule for billing receipt and check payment. Forming the biggest portion was accounts receivable not yet due, making up 68% – 73% of total trade accounts receivable, followed by accounts receivable overdue less than or equal to 3 months which were around 23% – 30% of total trade accounts receivable, and accounts receivable overdue more than 3 months which constituted 2% - 3% of total trade accounts receivable.

As at the end of 2014, accounts receivable overdue more than 6 up to 12 months totaled Baht 0.76 million, one of which was the Company's regular customer who is a contractor. For these clients, the Company strictly granted the credit term, requiring that they must settle existing debts before they could place new purchase orders. The Company also followed up on debt collection on a continuous basis. Debtors repaid their debts by monthly installments and started to make partial payment after the end of period. There were four accounts receivable overdue more than 12 months, with total outstanding debt of Baht 1.97 million. All of them have suffered from financial troubles and requested to make debt settlement by installments. The Company followed up debt collection from time to time and already froze the credit term and credit sales to all of these debtors, with allowance for doubtful accounts duly set aside for all of such accounts.

The Company sets aside allowance for doubtful accounts based on collection experience and analysis of accounts receivable aging. Such allowance will be provided for accounts receivable that are expected to be unrecoverable and have been overdue for longer than 12 months from the due date or have already entered a litigation process. As at the end of 2012-2014, the Company set aside allowance for doubtful accounts in the amount of Baht 0.08 million, Baht 1.58 million and Baht 1.97 million respectively. The allowance provided in 2012 did not fully cover accounts receivable aged more than 12 months because some of these debtors have consistently made gradual debt repayment and the Company therefore did not set aside the allowance for such accounts. In 2013 and 2014, the allowance fully covered accounts receivable aged more than 12 months in line with the Company's policy.

Unbilled receivables

Unbilled receivables as at the end of 2012-2014 accounted for Baht 1.73 million, Baht 6.21 million and Baht 17.63 million or 0.71%, 2.21% and 3.08% of total assets respectively, representing a surge of Baht 4.48 million or 258.96% in 2013 and Baht 11.42 million or 183.90% in 2014. Unbilled receivables refer to jobs completed but not yet handed over and invoiced. At the end of each period, the Company

will recognize revenues from rendering services in proportion to the stage of completion of each project or will recognize revenues in the amount not more than the actual cost of services.

In 2013, unbilled receivables increased from the end of 2012 and there were about five projects still under operation. For 2014, the increase in unbilled receivables mainly came from ongoing projects carried forward from the end of the preceding year and new projects that were under operation

Inventories

	Dec 31, 2012		Dec 31, 2013		Dec 31, 2014	
	Baht Million	%	Baht Million	%	Baht Million	%
Finished goods	86.48	85.09	86.03	84.21	78.73	77.56
Goods in transit	18.59	18.29	23.46	22.96	28.72	28.30
Less Allowance for decline in value of inventories	(3.44)	(3.38)	(7.33)	(7.17)	(5.94)	(5.86)
Inventories - net	101.63	100.00	102.16	100.00	101.51	100.00

As at the end of 2012-2014, the Company had total inventories (net of allowance for decline in value of inventories) of Baht 101.63 million, Baht 102.16 million and Baht 101.51 million, representing 41.99%, 36.31% and 17.74% of total assets respectively. Inventories consisted of finished goods and goods in transit, most of which were finished products procured by the Company for sales to contractors, trade partners for firefighting equipment or general users.

Finished goods amounted to Baht 86.48 million, Baht 86.03 million and Baht 78.73 million or 85.09%, 84.21% and 77.56% of inventories-net as at the end of 2012-2014 respectively. Goods in transit accounted for Baht 18.59 million, Baht 23.46 million and Baht 28.30 million or 18.29%, 22.96% and 28.30% of inventories-net as at the end of 2012-2014 respectively. The Company set aside allowance for decline in value of inventories in an amount of Baht 3.44 million, Baht 7.33 million and Baht 5.94 million, representing 3.38%, 7.17% and 5.86% of inventories-net respectively. The increase in such allowance as at the end of 2013 stemmed from a stricter provisioning policy adopted by the Company, whereby an allowance will be provided for products that fall under the following conditions: 1) products aged two years or more; 2) yearly turnover amounting to less than 20% of total inventories for two consecutive years; and 3) the inventories turnover as in 2) still remaining below 20% of total inventories over the subsequent time period from the end of fiscal year until the date the auditor conducts an audit or review of financial statements (about 20 days after the end of fiscal year). This policy started to take effect as from the end of 2013.

Inventories as at the end of 2012, 2013 and 2014 were at about the same level due to a systematic inventory management. In this regard, procurement and stock of products were partially made, whereas special-purpose or high-value items were not stocked in advance, but would be procured upon

demand from customers or would be used only for projects specially designed by the Company for any such customers, including products such as fire-extinguishing foam tank, etc.

The Company has a policy to set aside an allowance for inventories that fall under the following conditions: 1) products aged two years or more; 2) yearly turnover amounting to less than 20% of total inventories for two consecutive years; and 3) the inventories turnover as in 2) still remaining below 20% of total inventories over the subsequent time period from the end of fiscal year until the date the auditor conducts an audit or review of financial statements (about 20 days after the end of fiscal year). As at the end of 2012-2014, the Company provided an allowance for decline in value of inventories at around 2% - 9% of inventories-net. The average product turnover period was 90 days, 84 days and 73 days in 2012-2014 respectively. The shortened product turnover period as at the end of 2012-2013 resulted from an ability to continually increase sales and maintain inventories at about the same level in each year, thus helping to improve the average product turnover period. For 2014, the shortened product turnover period when compared with 2013 was attributed to a drop in volume of finished goods.

Other current assets

The Company recorded other current assets as of the end of 2012-2014 of Baht 2.33 million, Baht 1.53 million and Baht 2.98 million respectively, representing a decrease of Baht (0.80) million or (34.33)% as of year-end 2013 and an increase of Baht 1.45 million or 94.77% as of the end of 2014. Other current assets were largely comprised of deposits for product procurement from domestic and international sources, prepaid expenses, suspense input tax, advance payment, etc.

Equipment

As at the end of 2012-2014, equipment amounted to Baht 5.29 million, Baht 7.54 million and Baht 12.81 million or 2.19%, 2.68% and 2.24% of total assets respectively. They consisted of tools and equipment, furniture and office equipment, vehicles, assets for rent and testing, etc. The Company does not own any land and office building, but has leased building space from a related company for use as its head office.

Equipment increased by Baht 2.25 million or 42.53% as of the end of 2013 and Baht 5.27 million or 69.97% as at year-end 2014. Such increase stemmed from procurement of vehicles and office furniture during the year, partly due to gradual acquisition of assets from related companies from late 2012 until Quarter 2 of 2014 subsequent to the management restructuring and acceptance of a transfer of employees and various functional lines from Harn in order that supporting services would be operated by the Company itself, which necessitated procurement of relevant assets for use in those operations.

The Company has a policy to depreciate equipment for about five years and vehicles for around seven years. In 2014, there was some equipment that was fully depreciated but still in use, having a total cost price or book value before accumulated depreciation of Baht 12.81 million.

Intangible assets-net

The Company's intangible assets as at the end of 2012-2014 were Baht 0.23 million, Baht 0.19 million and Baht 5.48 million or 0.10%, 0.07% and 0.96% of total assets respectively. During the year 2012-2014, the Company purchased additional intangible assets of Baht 0.10 million, Baht 0.04 million and Baht 5.43 million respectively. The increase in intangible assets in 2014 resulted from a change of accounting system to support operation of Accounting Department, including computer software which

will be depreciated by straight line method over a period of about five years.

Liabilities

The Company had total liabilities of Baht 99.86 million, Baht 105.67 million and Baht 111.84 million as at the end of 2012-2014 respectively, rising by Baht 5.81 million or 5.82% as of year-end 2013 and by Baht 6.17 million or 5.84% as at the end of 2014. They mainly comprised trade and other payables of Baht 71.40 million, Baht 80.19 million and Baht 88.20 million representing 71.50%, 75.89% and 78.86% of total liabilities respectively, followed by short-term loans from financial institutions which were Baht 12.76 million or 12.78% of total liabilities as of year-end 2012, Baht 10.00 million or 9.46% of total liabilities as of year-end 2013 and were fully repaid in 2014.

Details of significant change in total liabilities can be summed up as follows:

Short-term loans from financial institutions

Short-term loans from financial institutions were raised in the form of promissory notes, amounting to Baht 12.76 million, Baht 10.00 million and Baht 0 million or 12.78%, 9.46% and 0% of total liabilities as at the end of 2012-2014 respectively. Such loans were secured by a pledge of directors' bank deposits and a personal guarantee furnished in full by directors, and Harn, a related company, also providing guarantee in full for some of those loans.

As at December 31, 2014, the Company had credit lines from four financial institutions as follows:

Type of Loan	Amount (Million Baht)
1. Overdraft loan	6.00
2. Letter of credit/Trust receipt	47.00
3. Letter of guarantee	14.00
4. Forward contract	12.00
5. Promissory note	20.00
Total	99.00
Forward contract (USD million)	0.30

Trade and other payables

Trade and other payables as at the end of 2012-2014 were Baht 71.40 million, Baht 80.19 million and Baht 88.20 million or 71.50%, 75.89% and 78.86% of total liabilities respectively. They were composed of trade accounts payable with credit term of about 60 days, accrued expenses, and other payables, as follows:

	Dec 31, 2012		Dec 31, 2013		Dec 31, 2014	
	Baht million	%	Baht million	%	Baht million	%
Trade accounts payable	56.95	79.76	66.08	82.40	67.61	76.67
Other payables						
Accrued expenses	13.19	18.47	12.81	15.98	18.98	21.52
Other payables	1.26	1.77	1.30	1.62	1.61	1.81
Total	71.40	100.00	80.19	100.00	88.20	100.00

As at the end of 2012-2014, trade accounts payable totaled Baht 56.95 million, Baht 66.08 million and Baht 67.61 million respectively, rising by Baht 9.13 million or 16.03% as of year-end 2013 and by Baht 1.53 million or 2.32% as at the end of 2014. The increase in trade accounts payable as at year-end 2012 and 2013 was in line with a higher volume of product procurement according to annual sales growth.

Corporate income tax payable

As at the end of 2012-2014, corporate income tax payable was Baht 8.80 million, Baht 7.29 million and Baht 5.84 million or 8.81%, 6.90% and 5.22% of total liabilities respectively. Corporate income tax declined by Baht 1.51 million or 17.16% as of year-end 2013 and Baht 1.45 million or 19.89% as at the end of 2014, primarily due to tax cut by the government from 30% in 2011 to 23% in 2012 and 20% in 2013, leading the Company to bear a lower amount of tax payable despite the ongoing increase in its operating profit.

Other current liabilities

Other current liabilities as at the end of 2012-2014 amounted to Baht 3.84 million, Baht 3.15 million and Baht 6.30 million or 3.85%, 2.98% and 5.63% of total liabilities respectively, going down by Baht (0.69) million or (17.97)% as of year-end 2013 and then up by Baht 3.15 million or 1% as at the end of 2014. They consisted of sales deposits payable, deferred withholding tax, deferred value added tax, etc. The rise in other current liabilities as at the end of 2012-2014 from year-end 2011 was mainly caused by an increase in sales deposits payable due to a greater amount of deposits collected from customers in accordance with growth in their purchase volume.

Employee benefit obligations

Employee benefit obligations were Baht 2.14 million, Baht 5.04 million and Baht 11.11 million as at the end of 2012-2014 respectively. The Company began to comply with IAS 19 Employee Benefits, which took effect as from January 1, 2011. Under its new accounting policy, the Company is obligated to compensate its employees after their resignation in accordance with its employment regulations and the labor law. The Company deems such compensation as post-employment benefits for its employees. Previously, employee benefit obligations were recognized when they have taken place and provisions for post-employment benefits were calculated by the discounting method for each unit as estimated by the actuary.

In 2012, the Company recorded expenses on post-employment benefits in an amount of Baht 0.35 million with actuarial losses recognized during the year of Baht 0.06 million, leading employee benefit obligations as at the end of 2012 to rise to Baht 2.14 million (Baht 1.73 million + Baht 0.35 million + Baht 0.06 million).

For 2013, the Company recorded expenses on employee benefits-net in an amount of Baht 2.88 million with actuarial losses recognized during the year of Baht 0.26 million and expenses on employee resignation of Baht (0.24) million, leading provisions for employee benefit obligations as at December 31, 2013 to increase to Baht 5.04 million (Baht 2.14 million + Baht 2.88 million + Baht 0.26 million – Baht 0.24 million).

For 2013, the Company recorded expenses on employee benefits-net in an amount of Baht 2.78 million with expenses on employee resignation of Baht (0.01) million and employee benefits paid currently of Baht (1.42) million, leading provisions for employee benefit obligations as at December 31, 2014 to increase to Baht 6.39 million (Baht 5.04 million + Baht 2.78 million – Baht 0.01 million – Baht 1.42 million).

Shareholders' equity

As at the end of 2012-2014, the Company had total shareholders' equity of Baht 142.17 million, Baht 175.71 million and Baht 460.53 million respectively. The increase in shareholders' equity as of year-end 2013 of Baht 33.54 million was ascribed to net profit of Baht 61.16 million and dividend payment of Baht 27.63 million. As at the end of 2014, shareholders' equity grew strongly from the end of 2013 by Baht 284.82 million, driven by net profit of Baht 60.61 million, issuance of new ordinary shares of Baht 110.00 million, and premium on ordinary shares of Baht 213.21 million, net of dividend payment of Baht 99.00 million.

Return on equity

Return on equity stood at 43.28%, 38.48% and 19.05% as at the end of 2012-2014 respectively. Return on equity changed insignificantly because the Company could continuously generate a profit and regularly made dividend payment every year, as well as increased capital to expand its equity base. Its shareholders' equity rose in tandem with the yearly net profit growth.

Analysis of financial policy ratio

The Company's debt to equity ratio remained at a low level of 0.70 time, 0.60 time and 0.24 time as at the end of 2012-2014 respectively. This was because its fund requirement was mainly covered by equity financing, while liabilities were in a small amount and almost entirely were current liabilities, the major items of which were trade accounts payable. The trade accounts payable turnover was in line with trade volume and credit term received from trade partners. On the side of borrowing, the Company raised

only short-term loans and in an insignificant amount to meet its working capital need.

Liquidity analysis

Unit: Baht million

Details	2012	2013	2014
Net cash provided from operating activities	51.38	56.13	62.79
Net cash provided from (used in) investing activities	(3.33)	(31.68)	(253.95)
Net cash provided from (used in) financing activities	(45.54)	(31.06)	214.29
Net increase (decrease) in cash and cash equivalents	2.51	(6.61)	23.13
Cash and cash equivalents as of January 1	6.63	9.14	2.53
Cash and cash equivalents as of December 31	9.14	2.53	25.66

The Company had net cash provided from operating activities of Baht 51.38 million, Baht 56.13 million and Baht 62.79 million in 2012-2014 respectively. Net cash was obtained from operating activities which increased annually thanks mainly to steady growth in operating profit. The major items contributing to net cash provided from operating activities in 2012 were operating profit of Baht 81.12 million and an increase in trade and other payables of Baht 16.99 million, with an increase in trade and other receivables of Baht 25.67 million and income tax payment of Baht 18.34 million. For 2013, net cash provided from operating activities was ascribed to operating profit of Baht 87.20 million, with an increase in trade and other receivables of Baht 10.78 million and income tax payment of Baht 18.32 million.

In 2014, net cash provided from operating activities increased by Baht 6.66 million from 2013 to Baht 62.79 million due partly to a slight increase in operating profit and due primarily to a decline in trade and other receivables and a drop in inventories. The major items contributing to net cash provided from operating activities in 2014 were operating profit of Baht 77.17 million, a decrease in trade and other receivables of Baht 0.32 million, a decrease in inventories of Baht 0.64 million, and an increase in non-current liabilities of Baht 4.71 million, with income tax payment of Baht 16.56 million and an increase in other non-current assets of Baht 1.43 million.

The Company had net cash used in investing activities of Baht 3.33 million, Baht 31.68 million and Baht 253.95 million in 2012-2014 respectively. The dramatic increase in net cash used in investing activities in 2013 resulted from a rise in current investments of approximately Baht 28 million. The significant items of net cash used in investing activities in 2012 mainly included sale and purchase of current investments, with cash paid for purchase of current investments of Baht 27.00 million and cash received from sale of current investments of Baht 27.00 million. The rest were investment in purchase of equipment and intangible assets of Baht 3.80 million and cash received from sale of equipment of Baht 0.47 million. In 2013, net cash used in investing activities largely consisted of sale and purchase of current investments, with cash paid for purchase of current investments of Baht 55.00 million and cash received from sale of current investments of Baht 27.00 million. Among others were investment in purchase of equipment and intangible assets of Baht 4.04 million and cash received from sale of equipment of Baht 0.36 million.

For 2014, the Company recorded net cash provided from investing activities of Baht 253.95 million, with cash used in investing activities of Baht 240.70 million, which primarily resulted from a decline in current investments. Net cash provided from investing activities mostly was sale and purchase of current investments, with cash received from sale of equipment of Baht 0.14 million and investment in purchase of equipment and intangible assets of Baht 5.43 million.

In 2012-2014, net cash used in financing activities totaled Baht 45.54 million, Baht 31.06 million and Baht (214.29) million respectively. In 2012, the major item of net cash used in financing activities was dividend payment of Baht 108.00 million, with cash received from capital increase of Baht 61.00 million. Cash paid for short-term loans and interest and cash received from short-term borrowing were in about the same amount of Baht 126.22 million and Baht 127.68 million respectively. In 2013, the main items included cash paid for short-term loans and interest of Baht 35.39 million and dividend payment of Baht 27.63 million, with cash received from short-term borrowing of Baht 31.96 million.

In 2014, the Company recorded net cash used in financing activities of Baht (214.29) million, which represented a sharp increase when compared with net cash used in 2013 due primarily to dividend payment and repayment of short-term loans despite a capital increase made in this period. The significant items of net cash used in financing activities were dividend payment of Baht 99.00 million and cash paid for short-term loans and interest of Baht 60.43 million, with cash received from issuance of new ordinary shares of Baht 323.72 million and cash received from short-term borrowing of Baht 50.00 million.

Current ratio and quick ratio

As at the end of 2012-2014, the Company's current ratio stood at 2.41 times, 2.69 times and 5.44 times and quick ratio was 1.32 times, 1.60 times and 4.23 times respectively. These ratios did not change significantly and stayed above 1 time, thus suggesting the Company's strong liquidity in business operation

Cash cycle of the Company in 2012-2014 was as shown in the table below:

Consolidated Financial Statements	2012	2013	2014
Average debt collection period (day)	78.39	86.97	67.84
Average sale period (day)	90.34	83.96	72.35
Average debt repayment period (day)	51.89	59.88	52.87
Cash cycle (day)	116.84	111.05	87.32

In 2012-2014, the Company's cash cycle was equal to 117 days, 111 days and 87 days respectively. A constantly shortened cash cycle is indicative of improvement in management efficiency. The Company's cash cycle is in line with its core business which has an average collection period from trade accounts receivable of 30 - 90 days, while receiving an average credit term from trade accounts payable of 30 - 60 days. As at the end of 2012-2014, the Company had an average debt collection period of 78 days, 87 days and 68 days respectively, an average sale period of 90 days, 84 days and 73 days

respectively, and an average debt repayment period of 52 days, 60 days and 53 days respectively. This demonstrated an improved cash cycle in 2012, relative to 2011, due to a faster sale period by about 27 days, a faster debt collection period by around 7 days, and a faster repayment period by 18 days, resulting in improved cash cycle of approximately 16 days in 2012. For 2013, cash cycle improved slightly as the Company could record a faster sale period by about 6 days, a slower repayment period by about 8 days, and a slower debt collection period by about 9 days, resulting in a slight improvement in cash cycle of around 6 days in 2013 when compared with the foregoing year. In 2014, cash cycle improved from 2013 because the Company recorded a faster sale period by about 11 days, a faster debt collection period by around 19 days, and a faster repayment period by about 7 days, leading cash cycle to improve by about 24 days in 2014.

Report of the Board of Directors' Responsibility for Financial Reports

Dear Shareholders,

The Board of Directors is responsible for the financial statements of Fire Victor Public Company Limited prepared in accordance with Thailand's accounting standards under Accounting Act, B.E. 2543 (2000) and accounting interpretations and practices enforced by the Federation of Accounting Professions, and pursuant to the regulations of the Securities and Exchange Commission regarding preparation and presentation of financial report under the Securities and Exchange Act, taking into consideration appropriate and consistent accounting policies and based on careful judgments and reasonable reporting in the preparation of the financial report, as well as adequate and transparent disclosure of important information in the Notes to Financial Statements according to the Report of Independent Auditor, for the benefits of the shareholders and investors in general.

The Board of Directors has established and maintained good corporate governance and appropriate risk management and internal control systems to assure that the accounting information is correctly, completely and timely recorded, and adequate to sustain the Company's assets and prevent any fraud or any material act of irregularities.

The Board of Directors has appointed an Audit Committee comprising Independent Directors to oversee and review the reliability and accuracy of the financial reports, the assessment of internal control, risk management and internal audit to ensure efficiency. The Audit Committee's opinions on these issues are included in the Report of the Audit Committee presented in this Annual Report.

The Board of Directors is of the opinion that the internal control and internal audit of the Company can give assurance that the financial statements of Fire Victor Public Company Limited for the year ended December 31, 2014 exhibit its financial status, operating results and cash flows accurately and appropriately in material aspects in accordance with the financial reporting standards, and the audit of which has been performed by the Independent Auditor according to the generally accepted accounting standards with opinion given in the Report of Independent Auditor presented in this Annual Report.



Mr. Parkphum Wongpaitoon
Chairman of the Board



Mr. Wirat Sukchai
Managing Director

Report of the Audit Committee

Dear Shareholders,

The Audit Committee, appointed by the Board of Directors, is composed of three Independent Directors as follows:

- | | |
|--------------------------------|-----------------------------|
| 1. Mr. Thakol Nunthirapakorn | Chairman of Audit Committee |
| 2. Mr. Sothitorn Mallikamas | Audit Committee Member |
| 3. Miss Voranuch Supaibulpipat | Audit Committee Member |

The Audit Committee is in charge of review of the Company's financial reports to ensure that they are accurate and have adequate disclosure of information, and that the Company has appropriate and effective internal control and internal audit, and its business operations are compliant with applicable laws and regulations. The Audit Committee is also responsible for selecting and proposing for appointment of the Company's external auditor, considering the Company's disclosure of information in an accurate and complete manner, and performing duty independently with Miss Prawonwan Saipan as the Secretary of the Committee, within the scope of duties and responsibilities prescribed in the Audit Committee Charter.

In 2014, the Audit Committee held five meetings, two of which were under the Company status as a limited company and three as a public limited company. The three Committee members attended all the meetings held. The Audit Committee discussed and shared opinions with the management, internal auditors, and external auditor on relevant issues. Salient points can be concluded here:

- 1. Review of quarterly and yearly financial statements for 2014:** The Audit Committee reviewed the quarterly and yearly financial statements, with enquiries made with and explanation sought from the management and the auditor as regards the accuracy, completeness and compliance with the generally accepted accounting standards as well as the criteria of the Securities and Exchange Commission and the Stock Exchange of Thailand as appropriate in the material aspects, and as regards disclosure of information in an adequate, complete and reliable manner, for further submission to the Board of Directors for approval.
- 2. Review and assessment of the adequacy of the internal control system:** The Audit Committee reviewed the internal control system and monitored the audit result, with the audit report submitted on a quarterly basis by the internal auditors and auditor from SP Audit Co., Ltd. to assess the adequacy of the internal control system which would support and drive the Company toward its targets, in terms of both effectiveness and efficiency of the operations, and ensure the reliability of the financial reports and the compliance with the relevant regulations and policies of the Company.
- 3. Review and consideration of related party transactions or transactions that may have conflict of interest, including disclosure of information thereof in conformity with the relevant laws and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission:** The Audit Committee is of the opinion that such transactions were carried out in a reasonable manner for the maximum benefit of the Company, and that disclosure of information thereof was accurate, complete and adequate in line with the good corporate governance practice.

4. Review of work performance pursuant to the securities and exchange law, the regulations of the Office of the Securities and Exchange Commission and the criteria of the Stock Exchange of Thailand, as well as other laws relevant to the Company's business operations, including compliance with the Company's regulations and obligations with third parties: In this regard, the Audit Committee did not find any significant issue of non-compliance with the law and regulations of the Stock Exchange of Thailand and relevant regulatory bodies.
5. **Selection and proposal for the appointment of the Company's auditor and determination of audit fee for 2014:** The Audit Committee reviewed the performance and independence of the candidate, and the appropriateness of the remuneration for the auditor, and considered it proper for the Company to appoint Mr. Prawit Viwanthananut (CPA license no. 4917), Mr. Bunjong Pichayaprasat (CPA license no. 7147), Mr. Thirathong Thepmongkorn (CPA license no. 3787), or Mr. Kraisit Silapamongkonkul (CPA license no. 9429) from PV Audit Co., Ltd. as the Company's auditor for 2014. The proposed appointment was proposed for the endorsement by the Board of Directors for proposal to the 2014 Annual General Meeting of Shareholders for consideration and approval.

The Audit Committee is of the opinion that, in 2014, the Company maintained good corporate governance and appropriate internal control, prepared the financial statements that exhibited the factual information in material aspects adequately and accurately in compliance with the generally accepted accounting standards, disclosed information in conformity with the relevant laws and regulations, had risk management at an acceptable level, performed in adherence to the relevant laws, rules and regulations as well as obligations, and disclosed related party transactions in an accurate and complete manner. The Audit Committee and the management attached high importance on business operations in line with the good corporate governance. No material irregularities were found that might affect the Company's financial status. The Company consistently developed and rationalized its work processes to boost quality and suit the business environment, as well as to be compliant with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, and other laws relevant to the business operations of the Company.



(Mr. Thakol Nunthirapakorn)
Chairman of Audit Committee

AUDITOR'S REPORT

To the Board of Directors and Shareholders of Fire Victor Public Company Limited

(Formerly: Fire Victor Company Limited)

I have audited the accompanying financial statements of Fire Victor Public Company Limited which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Fire Victor Public Company Limited as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Prawit Viwanthananut
Certified Public Accountant
Registration Number 4917

PV Audit Co., Ltd.
Bangkok, February 27, 2015

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Note	Baht	
		2014	2013
ASSETS	3		
Current Assets			
Cash and cash equivalents	5	25,660,391.79	2,527,173.83
Current investments	6	270,160,203.58	28,274,062.04
Trade and other receivables	4, 7	129,857,073.32	130,179,005.19
Unbilled receivables		17,634,660.62	6,205,008.74
Inventories	8	101,517,233.50	102,158,081.42
Other current assets		2,976,312.51	1,535,328.90
Total Current Assets		547,805,875.32	270,878,660.12
Non-Current Assets			
Equipment	4, 9	12,812,604.76	7,538,239.93
Intangible asset	4, 10	5,478,293.48	192,000.86
Deferred tax assets	11	1,478,614.20	2,762,876.82
Other non-current assets		4,790,629.30	5,250.00
Total Non-Current Assets		24,560,141.74	10,498,367.61
Total Assets		572,366,017.06	281,377,027.73

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

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

		Baht	
	Note	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY	3		
Current Liabilities			
Short-term loans from financial institutions	12	-	10,000,000.00
Trade and other payables	4, 13	88,200,356.75	80,187,388.85
Accrued income tax		5,841,251.73	7,286,549.20
Short-term provisions		387,840.00	-
Other current liabilities		6,300,358.99	3,149,628.51
Total Current Liabilities		100,729,807.47	100,623,566.56
Non-Current Liabilities			
Employee benefit obligations	4, 14	6,393,706.76	5,042,322.91
Other non-current liabilities		4,714,744.30	-
Total Non-Current Liabilities		11,108,451.06	5,042,322.91
Total Liabilities		111,838,258.53	105,665,889.47
SHAREHOLDERS' EQUITY			
Share capital	15		
Authorized share capital			
350,000,000 ordinary shares Baht 0.50 par value, in 2014			
and 6,500,000 ordinary shares Baht 10 par value, in 2013		175,000,000.00	65,000,000.00
Issued and paid-up share capital			
350,000,000 ordinary shares in 2014, and			
6,500,000 ordinary shares in 2013, fully paid-up		175,000,000.00	65,000,000.00
Premium on share capital	15, 16	218,306,426.68	5,100,000.00
Retained earnings			
Appropriated to legal reserve	17, 18	9,530,259.68	6,500,000.00
Unappropriated	18	57,691,072.17	99,111,138.26
Total Shareholders' Equity		460,527,758.53	175,711,138.26
Total Liabilities and Shareholders' Equity		572,366,017.06	281,377,027.73

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

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Baht	
		2014	2013
	3		
Revenue from sales and services	4	572,035,607.31	518,614,993.73
Cost of sales and services	4, 9, 20	(422,048,346.59)	(369,877,909.85)
Gross profit		149,987,260.72	148,737,083.88
Other income	4	11,393,818.71	2,652,153.69
Selling expenses	4, 20	(28,662,682.09)	(27,639,803.34)
Administrative expenses	4, 20	(55,120,613.23)	(46,644,935.14)
Finance costs	4	(431,866.46)	(680,748.03)
Profit before income tax		77,165,917.65	76,423,751.06
Tax expense	21	(16,560,724.06)	(15,263,431.42)
Profit for the year		60,605,193.59	61,160,319.64
Other comprehensive income (loss)		-	-
Total comprehensive income		60,605,193.59	61,160,319.64
Earnings per share			
Basic earnings per share	3	0.25	0.47
Weighted average number of ordinary shares (Shares)	3	243,260,274	130,000,000

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

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Baht				
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
Balance as at January 1, 2013		65,000,000.00	5,100,000.00	910,000.00	71,165,818.62	142,175,818.62
Changes in shareholders' equity:						
Dividend paid	18	-	-	-	(27,625,000.00)	(27,625,000.00)
Appropriated to legal reserve	17, 18	-	-	5,590,000.00	(5,590,000.00)	-
Total comprehensive income		-	-	-	61,160,319.64	61,160,319.64
Balance as at December 31, 2013		65,000,000.00	5,100,000.00	6,500,000.00	99,111,138.26	175,711,138.26
Changes in shareholders' equity:						
Increase in ordinary shares	15, 16	110,000,000.00	213,206,426.68	-	-	323,206,426.68
Dividend paid	18	-	-	-	(98,995,000.00)	(98,995,000.00)
Appropriated to legal reserve	17	-	-	3,030,259.68	(3,030,259.68)	-
Total comprehensive income		-	-	-	60,605,193.59	60,605,193.59
Balance as at December 31, 2014		175,000,000.00	218,306,426.68	9,530,259.68	57,691,072.17	460,527,758.53

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

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Baht	
	2014	2013
Cash flows from operating activities:		
Profit before income tax	77,165,917.65	76,423,751.06
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities		
Depreciation and amortization	2,728,428.82	1,806,879.70
Doubtful accounts	390,112.47	778,474.11
Loss on devaluation of inventories (reversal)	(1,401,524.72)	3,897,114.66
Gain on disposal of assets	(488,288.13)	(449,981.58)
Unrealized loss on exchange rate	403,495.00	1,306,102.31
Unrealized gain on revaluation of investments	(737,135.32)	(82,723.42)
Provision incurred from employee benefit obligations	2,768,383.85	2,902,974.96
Interest income	(77,257.78)	(64,490.61)
Interest expenses	431,866.46	680,748.03
Profit from operating activities before change in operating assets and liabilities	81,183,998.30	87,198,849.22
Change in operating assets (increase) decrease		
Trade and other receivables	(68,180.60)	(10,779,198.33)
Work in progress	-	187,898.93
Unbilled receivables	(11,429,651.88)	(4,477,544.74)
Inventories	2,042,372.64	(4,421,943.13)
Other current assets	(1,957,723.61)	798,118.31
Other non-current assets	(4,785,379.30)	11,250.00
Change in operating liabilities increase (decrease)		
Trade and other payables	7,614,952.35	7,481,456.47
Short-term provisions	387,840.00	(920,876.06)
Other current liabilities	3,150,730.48	(690,032.26)
Payment of employee benefit obligations	(1,417,000.00)	-
Other non-current liabilities	4,714,744.30	-
Cash generated from operations	79,436,702.68	74,387,978.41

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

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Baht	
	2014	2013
Interest received	77,257.78	64,490.61
Income tax paid	(16,721,758.91)	(18,321,033.99)
Net cash provided by operating activities	62,792,201.55	56,131,435.03
Cash flows from investing activities:		
Increase in current investments	(240,700,000.00)	(28,000,000.00)
Purchases of equipment	(7,956,952.04)	(3,998,238.07)
Proceeds from sales of equipment	141,630.85	363,254.77
Purchases of intangible asset	(5,434,483.17)	(46,500.00)
Net cash used in investing activities	(253,949,804.36)	(31,681,483.30)
Cash flows from financing activities:		
Proceeds from short-term loans from financial institutions	50,000,000.00	18,956,640.62
Repayment of short-term loans from financial institutions	(60,000,000.00)	(21,714,148.70)
Proceeds from short-term loans from related companies	-	13,000,000.00
Repayment of short-term loans from related companies	-	(13,000,000.00)
Interest paid	(437,345.91)	(681,293.72)
Dividend paid	(98,995,000.00)	(27,625,000.00)
Proceeds from increase in share capital	323,723,166.68	-
Net cash provided by (used in) financing activities	214,290,820.77	(31,063,801.80)
Net increase (decrease) in cash and cash equivalents	23,133,217.96	(6,613,850.07)
Cash and cash equivalents at the beginning of the year	2,527,173.83	9,141,023.90
Cash and cash equivalents at the end of the year	25,660,391.79	2,527,173.83

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

FIRE VICTOR PUBLIC COMPANY LIMITED
(FORMERLY: FIRE VICTOR COMPANY LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

Fire Victor Public Company Limited, “the Company” was incorporated in Thailand under the Civil and Commercial Code on May 9, 2001, and became a public company limited on May 22, 2014, and engages in the business of wholesaling, retailing, servicing, renting, leasing, contracting and installation of fire protection system and fire suppression agent. The Company is located at 19/20-22 Soi Soonvijai, Rama 9 Road, Bangkok, Huaykwang, 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 (“FAP”) 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 September 28, 2011, 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 (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions 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 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.

Adoption of New Thai Financial Reporting Standards

FAP has issued Notifications, mandating the use of new and revised Conceptual Framework for Financial Reporting (revised 2014), Thai Accounting Standards (“TAS”), TFRS, Thai Standard Interpretations (“TSIC”) and Thai Financial Reporting Interpretations (“TFRIC”) as follows:

- a) Conceptual Framework for Financial Reporting (revised 2014) which is immediately effective for the year 2014.
- b) TAS, TFRS, TSIC and TFRIC which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

TAS/TFRS/TSIC/TFRIC	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share – Based Payments
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TSIC 15	Operating Leases-Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets-Web Site Costs

TAS/TFRS/TSIC/TFRIC	Topic
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

The management of the Company has assessed the effects of these Conceptual Framework for Financial Reporting (revised 2014) and TFRS and believes that they do not have any significant impact on the financial statements.

New and revised Thai Financial Reporting Standards not yet effective

The Company has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

- a) TAS, TFRS, TSIC and TFRIC which are effective for the financial statements for the period beginning on or after January 1, 2015 as follows:

TAS/TFRS/TSIC/TFRIC	Topic
TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes

TAS/TFRS/TSIC/TFRIC	Topic
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities

TAS/TFRS/TSIC/TFRIC	Topic
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases-Incentives
TSIC 25 (revised 2014)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements : Disclosures
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets-Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners

TAS/TFRS/TSIC/TFRIC	Topic
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
b) TFRS which is effective for the financial statements for the period beginning on or after January 1, 2016 as follow:	

TFRS	Topic
TFRS 4 (revised 2014)	Insurance Contracts

The management of the Company 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 in other outlines 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

Sale of goods

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

Revenue is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Revenues from service

Service incomes are recognized when services are rendered.

Revenue from service contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a service contract can be estimated reliably, contract revenue and expenses are recognised in the statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a service contract cannot be estimated reliably, revenue contract is recognized only to the extent of contract costs incurred that it is probably will be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss on a contract shall be recognized in the statement of comprehensive income.

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

Work in progress

Work in progress is stated at cost less allowance for impairment losses (if any).

Rental income

Rental income under operating leases is recognized in the statement of comprehensive income 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.

Interest income and other income

Interest income is recognized as interest accrues, based on the effective rate method.

Other income is recognized on an accrual basis.

Expenses

Expenses are recognized in the statement of comprehensive income on an accrual basis.

Operating leases

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

Finance costs

Interest expenses and similar costs are charged to the statement of comprehensive income in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are cash on hand, cash at bank and short-term investments with high liquidity net of deposits at bank on obligation and bank deposits with a maturity date over 3 months.

Current investments

Marketable equity securities held for trading are stated at fair value, with any resultant gain or loss recognized in the statement of comprehensive income.

The average method is used to determine the cost of each security at the time of sale.

Trade and other receivables

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

Allowance for doubtful accounts is an estimation of those amounts, which may prove to be uncollectible, based on historical collection experience and review of the current status of existing receivables. Bad debts are written off when incurred.

Inventories

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

Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes an appropriate share of overhead based on normal operating capacity.

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 all deteriorated, damaged, obsolete and slow-moving inventories.

Equipment

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

Depreciation

Depreciation is computed by the straight-line method based on the estimated useful lives of assets as follows:

	Years
Tool and equipment	5
Furniture and office equipment	5
Vehicles	7
Assets for rental and demonstration	5

Depreciation is included in determining income and no depreciation is provided for construction in progress.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will be more than one period. Major renovations are depreciated over the remaining useful life of the related asset.

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

The direct expenses concerned with the assets include interest paid from the borrowing for the acquisitions of the above assets before completion of the assets are recognized as cost of the assets.

Intangible asset

Intangible asset is stated at cost less accumulated amortization and allowance for impairment (if any), which is computed by the straight-line method based on the useful lives of asset 5 years.

Impairment of assets

The carrying amounts of the Company's assets are reviewed at each the reporting period 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 the statements of comprehensive income.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' net selling price and 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.

Finance lease

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance costs so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance costs, are included in other long-term payables. The interest element of the finance cost is charged to the statements of comprehensive income over the lease period. The property, plant or equipment acquired under finance leasing contract is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Employee benefits**Short-term benefits**

The Company recognized salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits – defined contribution plan

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which they relate.

Post-employment benefits – defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognised as a charge to results of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes all actuarial gains (losses) in the profit or loss in the period in which they arise.

Provisions

A provision is recognized in the statement of financial position when the Company 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. Significant judgements and estimates are as follows:

Estimated construction project costs

The Company estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for losses on project services contract

Management applies judgement in estimating the loss they expect to be realised on each installation, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of installation materials, labour and the current situation.

Provision for penalty from delay delivery

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

Income tax

Income tax expense for the period comprises current and deferred tax.

Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the end of reporting period date by using tax rates enacted or substantively enacted at the end of reporting period date.

A deferred tax liability is recognised every transaction and a deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, 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.

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.

Basic earnings per share

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

For the years ended December 31, 2014 and 2013

	2014	2013
Net profit for the year (Baht)	60,605,193.59	61,160,319.64
Weighted average number of ordinary shares (shares)		
Issued ordinary shares at the beginning of the year	6,500,000	6,500,000
Effect of shares issued during the year and the change in par value on September 19, 2014	236,760,274	123,500,000
Weighted average number of ordinary shares (shares)	243,260,274	130,000,000
Basic earnings per share (Baht)	0.25	0.47

On September 19, 2014, the Extraordinary General Meeting of Shareholders, a resolution was passed authorizing change the par value of share capital, which the Company recalculated basic earnings per share for the year ended December 31, 2013 by adjusting the number of ordinary shares outstanding before changes in par value, as if the change in par value had occurred since January 1, 2013.

4. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company had transactions with related parties. These parties were related through common shareholders and/or directorships. The significant transactions with related parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

The significant balances of assets, liabilities, and other transactions that occurred with those parties are shown as follows:

The significant related party transactions for the years ended December 31, 2014 and 2013 were as follows:

	Baht	
	2014	2013
Purchase of goods		
Chillmatch Co., Ltd.	4,900.00	7,000.00
Sale of goods		
Chillmatch Co., Ltd.	1,890.00	-
Sale of equipment		
Q II S Co., Ltd.	-	22,800.00
Chillmatch Co., Ltd.	-	8,480.00
Purchase of equipment and intangible asset		
Q II S Co., Ltd.	-	13,630.00
Chillmatch Co., Ltd.	290.00	7,990.00
Harn Engineering Co., Ltd.	2,399,824.00	616,400.00
Other income		
Q II S Co., Ltd.	5,700,000.00	-
Chillmatch Co., Ltd.	3,156,000.00	-
Utility expenses		
Harn Engineering Co., Ltd.	-	107,935.12
Office rental and service expenses		
Harn Engineering Co., Ltd.	5,734,710.00	13,090,986.00
Body of Jainsri persons	-	813,600.00
Body of Siripis persons	-	297,000.00
Mr. Jain Charnnarong	26,550.00	-
Interest expense		
Chillmatch Co., Ltd.	-	87,246.57
Directors' remuneration		
Directors	2,495,000.00	260,000.00

The significant balances with related companies as at December 31, 2014 and 2013 were as follow

	Baht	
	2014	2013
Other receivables		
Harn Engineering Co., Ltd.	1,456,132.00	29,193.88
Accrued expenses		
Harn Engineering Co., Ltd.	-	14,894.32
Trade and other payables		
Chillmatch Co., Ltd.	2,247.00	-

SHORT-TERM LOANS FROM RELATED COMPANIES

Movements of short-term loans from related companies for the years ended December 31, 2013 were as follows:

	Baht
Balance as at the beginning	-
Increase	13,000,000.00
Decrease	(13,000,000.00)
Balance as at the end	-

The Company has loans from related companies by issuing promissory notes, due at call with the interest rate of commercial bank referred to minimum loan rate (MLR) per annum, without collateral.

Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Short-term benefits	8,354,890.00	5,808,621.00
Post-employment benefits	221,724.12	1,503,032.84
Total	8,576,614.12	7,311,653.84

Company/Person Relationship

Company/Person	Nationality	Related	Relationship
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Q II S Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Chillmatch Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Body of Jainsri persons	Thailand	Related body of persons	Directorships
Body of Siripis persons	Thailand	Related body of persons	Directorships
Mr. Jain Charnnarong	Thai	Related person	Close member of the director's family and shareholder

Bases of measurement for intercompany revenues and expenses

	Pricing Policy
Sale of equipment	Contractually agreed prices
Purchase of goods	Market price
Purchase of equipment	Contractually agreed prices
Other income	Contractually agreed prices
Rental and service expenses	Contractually agreed prices
Interest expense	Referred with the bank's interest rate.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Cash	149,582.23	106,382.85
Cash at banks	25,510,809.56	2,420,790.98
Total	25,660,391.79	2,527,173.83

6. CURRENT INVESTMENTS

Current investments as at December 31, 2014 and 2013 consisted of:

	Baht					
	Cost		Fair Value		Unrealized Gain	
	2014	2013	2014	2013	2014	2013
Open-ended fund	269,339,057.32	28,190,051.10	270,160,203.58	28,274,062.04	821,146.26	84,010.94

Unrealized gain on investments for the years ended December 31, 2014 and 2013 in the amount of Baht 737,135.32 and in the amount of Baht 82,723.42, respectively, was included in the statements of comprehensive income.

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Trade accounts receivable	127,538,610.80	130,381,274.20
Less Allowance for doubtful accounts	(1,971,501.48)	(1,581,389.01)
Trade accounts receivable - net	125,567,109.32	128,799,885.19
Other receivables	4,289,964.00	1,379,120.00
Trade and other receivables - net	129,857,073.32	130,179,005.19

As at December 31, 2014 and 2013, the Company had outstanding balances of trade accounts receivable aged by number of months as follows:

	Baht	
	2014	2013
Trade accounts receivable		
Current	94,747,483.17	87,345,447.31
Overdue		
Less than or equal to 3 months	30,033,764.65	39,086,833.14
Over 3 months up to 6 months	1,348,713.18	1,697,596.06
Over 6 months up to 12 months	755,069.10	1,294,379.00
Over 12 months	653,580.70	957,018.69
Total	127,538,610.80	130,381,274.20

Movement of allowance for doubtful accounts for the years ended December 31, 2014 and 2013 were as follows:

	Baht	
	2014	2013
Balance as at the beginning	1,581,389.01	802,914.90
Add Doubtful accounts	404,762.91	885,420.61
Less Written-off bad debt	(14,650.44)	(106,946.50)
Balance as at the end	1,971,501.48	1,581,389.01

8. INVENTORIES

Inventories as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Finished goods	78,734,005.22	86,032,562.91
Goods in transit	28,719,575.81	23,463,390.76
Total	107,453,581.03	109,495,953.67
Less Allowance for devaluation of inventories	(5,936,347.53)	(7,337,872.25)
Inventories - net	101,517,233.50	102,158,081.42

Movements of allowance for devaluation of inventories for the years ended December 31, 2014 and 2013 were as follows:

	Baht	
	2014	2013
Balance as at the beginning	7,337,872.25	3,440,757.59
Add Loss on devaluation of inventories (reversal)	(1,401,524.72)	3,897,114.66
Balance as at the end	5,936,347.53	7,337,872.25

9. EQUIPMENT

Equipment as at December 31, 2014 and 2013 consisted of:

	Baht					
	Tool and equipment	Furniture and office equipment	Vehicles	Assets for rental and demonstration	Equipment under installation	Total
Cost						
As at January 1, 2013	543,456.49	1,264,962.32	8,009,181.37	2,990,061.05	-	12,807,661.23
Purchases/transfer in	528,533.55	961,180.07	1,363,760.00	875,786.95	268,977.50	3,998,238.07
Disposals/transfer out	(10,775.93)	(225,724.77)	(742,053.00)	(79,288.56)	-	(1,057,842.26)
As at December 31, 2013	1,061,214.11	2,000,417.62	8,630,888.37	3,786,559.44	268,977.50	15,748,057.04
Purchases/transfer in	101,150.41	7,239,682.00	750,098.13	135,000.00	35,099.33	8,261,029.87
Disposals/transfer out	(6,607.48)	(233,627.63)	(89,760.00)	-	(304,076.83)	(634,071.94)
As at December 31, 2014	1,155,757.04	9,006,471.99	9,291,226.50	3,921,559.44	-	23,375,014.97
Accumulated depreciation						
As at January 1, 2013	178,589.11	855,193.47	4,021,583.95	2,464,961.10	-	7,520,327.63
Depreciation	184,354.50	230,007.92	904,667.26	399,383.04	-	1,718,412.72
Disposals/transfer out	(9,277.31)	(210,584.22)	(735,449.38)	(73,612.33)	-	(1,028,923.24)
As at December 31, 2013	353,666.30	874,617.17	4,190,801.83	2,790,731.81	-	8,209,817.11
Depreciation	203,583.15	1,128,989.32	932,536.48	315,129.32	-	2,580,238.27
Disposals/transfer out	(5,500.89)	(137,583.10)	(84,561.18)	-	-	(227,645.17)
As at December 31, 2014	551,748.56	1,866,023.39	5,038,777.13	3,105,861.13	-	10,562,410.21
Net book value						
Owned assets						
As at December 31, 2013	707,547.81	1,125,800.45	4,440,086.54	995,827.63	268,977.50	7,538,239.93
As at December 31, 2014	604,008.48	7,140,448.60	4,252,449.37	815,698.31	-	12,812,604.76

	Baht	
	2014	2013
Depreciation for the years ended December 31		
was included in		
Cost of sales	21,736.33	15,486.86
Cost of services	864,831.58	914,574.07
Administrative expenses	1,693,670.36	788,351.79
Total	<u>2,580,238.27</u>	<u>1,718,412.72</u>

As at December 31

The carrying amount before accumulated depreciation

which have been depreciated and still in use	<u>5,007,147.31</u>	<u>3,973,393.47</u>
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The Company has entered into office building rental agreement as follows:

As at December 31, 2014		
		Rate per month
	Lessor	(Baht)
Office rental agreement	Mr. Jain Charnnarong	53,100
	Harn Engineering Co., Ltd.	238,800
Warehouse rental agreement	Harn Engineering Co., Ltd.	195,490
	Phattraritta 1997 Co., Ltd.	5,250

10. INTANGIBLE ASSET

Intangible asset as at December 31, 2014 and 2013 consisted of:

	Baht
Cost	
As at January 1, 2013	525,614.98
Purchases/transfer in	46,500.00
Disposals/transfer out	-
As at December 31, 2013	572,114.98
Purchases/transfer in	5,434,483.17
Disposals/transfer out	-
As at December 31, 2014	6,006,598.15
Accumulated amortization	
As at January 1, 2013	291,647.14
Amortization	88,466.98
Disposals/transfer out	-
As at December 31, 2013	380,114.12
Amortization	148,190.55
Disposals/transfer out	-
As at December 31, 2014	528,304.67
Net book value	
As at December 31, 2013	192,000.86
As at December 31, 2014	5,478,293.48

Amortization for the years ended December 31, 2014 and 2013 in the amount of Baht 0.15 million and in the amount of Baht 0.09 million, was included in cost of services and administrative expenses.

11. DEFERRED TAX

Deferred tax as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Deferred tax assets	2,571,037.45	2,804,062.00
Deferred tax liabilities	(1,092,423.25)	(41,185.18)
Deferred tax assets - net	1,478,614.20	2,762,876.82

Movements in deferred tax assets and liabilities during the year were as follows:

	Baht		
	At January 1, 2014	Profit (loss)	At December 31, 2014
Deferred tax assets			
Allowance for doubtful accounts	316,277.81	78,022.49	394,300.30
Allowance for impairment of investments	-	1,952.70	1,952.70
Allowance for devaluation of inventories	1,467,574.45	(280,304.95)	1,187,269.50
Short-term provisions	1,008,464.58	(20,949.63)	987,514.95
Provisions for goods return	11,745.16	(11,745.16)	-
Total	2,804,062.00	(233,024.55)	2,571,037.45
Deferred tax liabilities			
Depreciation	(41,185.18)	(57,157.86)	(98,343.04)
Unbilled receivables	-	(994,080.21)	(994,080.21)
Total	(41,185.18)	(1,051,238.07)	(1,092,423.25)

	Baht		
	At January 1, 2013	Profit (loss)	At December 31, 2013
Deferred tax assets			
Allowance for doubtful accounts	160,582.98	155,694.83	316,277.81
Allowance for devaluation of inventories	688,151.52	779,422.93	1,467,574.45
Short-term provisions	427,869.59	580,594.99	1,008,464.58
Provisions for goods return	48,227.13	(36,481.97)	11,745.16
Total	<u>1,324,831.22</u>	<u>1,479,230.78</u>	<u>2,804,062.00</u>
Deferred tax liabilities			
Depreciation	(7,484.84)	(33,700.34)	(41,185.18)
Unbilled receivables	(99,388.07)	99,388.07	-
Total	<u>(106,872.91)</u>	<u>65,687.73</u>	<u>(41,185.18)</u>

12. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Promissory notes	-	10,000,000.00

The credit facilities with financial institutions consisted of:

Type	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2014	2013	2014	2013
Bank overdrafts	6.00	8.00	MOR	MOR
			Fixed deposit	
Letter of credit/trust receipt	47.00	62.00	MLR	MLR
Letter of guarantee	14.00	14.00	2%	2%
Forward exchange contracts	12.00	27.00	-	-
Promissory notes	20.00	25.00	MLR	MLR
			Fixed deposit	Fixed deposit
Total	<u>99.00</u>	<u>136.00</u>		
Forward exchange contracts (Million US dollars)	<u>0.30</u>	<u>0.30</u>	-	-

Director's bank deposit was used as collateral for loans from financial institutions and personal guarantee by the director in the full amount.

13. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Accounts payable	67,610,018.23	66,081,926.23
Other payables		
Accrued expenses	18,977,380.03	12,806,304.97
Other payables	1,612,958.49	1,299,157.65
Total	20,590,338.52	14,105,462.62
Grand total	88,200,356.75	80,187,388.85

14. EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present value of employee benefit obligations for the years ended December 31, 2014 and 2013 as follows:

	Baht	
	2014	2013
Post-employment benefit plan		
Present value of employee benefit obligations as at January 1	5,042,322.91	2,139,347.95
Employee benefit expenses in the statements of comprehensive income :		
Current service cost	2,504,783.81	2,723,210.89
Interest cost	275,189.85	159,683.42
Actuarial loss	-	257,200.66
Benefits of resigned employees	(11,589.81)	(237,120.01)
Benefits paid during the year	(1,417,000.00)	-
Present value of employee benefit obligations as at December 31	6,393,706.76	5,042,322.91

Employee benefit obligations in the statements of financial position as at December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Post-employment benefit plan		
Present value of obligations	6,393,706.76	5,042,322.91
Employee benefit obligations - recognised in statements of financial position	6,393,706.76	5,042,322.91

The Company made defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

The principal actuarial assumptions (expressed as weighted averages) as at December 31, 2014 and 2013 are shown below:

	Percent	
	2014	2013
Discount rate	4.78	4.40
Future salary increases	6.30	4.19
Turnover rate	6.67	10.14
Disability rate	Thai Mortality Ordinary Table 2008	

15. SHARE CAPITAL

The Ordinary General Meeting of Shareholders held on March 19, 2014, a resolution was passed authorizing increase in authorized share capital from Baht 65 million to Baht 130 million by issuing new 6.5 million ordinary shares at the par value of Baht 10 each. The Company registered the increase of its share capital with the Ministry of Commerce on March 28, 2014.

The Extraordinary General Meeting of Shareholders held on May 15, 2014, resolutions were passed authorizing as follows:

- Convert the Company's status to a public company, purpose to list on the Stock Exchange of Thailand in "Market for Alternative Investment".
- Change the par value of share capital from Baht 10 each to Baht 1 each.
- Increase in authorized share capital from Baht 130 million to Baht 175 million by issuing new 45 million ordinary shares with the par value of Baht 1 each for the Initial Public Offering.

The Company registered convert the Company's status to public company, change the par value of share capital and increase in authorized share capital with the Ministry of Commerce on May 22, 2014.

The Extraordinary General Meeting of Shareholders held on September 19, 2014, resolutions were passed authorizing as follows:

- Change the par value of share capital from Baht 1 each to Baht 0.50 each.
- Change the numbers of ordinary shares from 175 million shares to 350 million shares.
- Change the issuing of new ordinary shares from 45 million ordinary shares with the par value of Baht 1 each to 90 million ordinary shares with the par value of Baht 0.50 each for the Initial Public Offering.

The Company registered the change of the par value and the numbers of ordinary shares with the Ministry of Commerce on September 22, 2014.

During November 5 to 7, 2014 the Company offered the share capital in the amount of 90 million shares to the public for subscription shares at the offering price of Baht 3 per share and the Company registered the change in its paid-up share capital from share subscriptions received from Baht 130 million to Baht 175 million with the Ministry of Commerce on November 10, 2014, The Company recorded expenses for selling share capital in the amount of Baht 11.79 million deducted from share premium account.

16. SHARE PREMIUM

The share premium account is set up under the provision of section 51 of the Public Limited Companies Act B.E. 2535, which requires companies to set aside share subscription received in excess of the par value of the shares issued to a reserve account ("share premium"). The account is not available for dividend distribution.

17. LEGAL RESERVE

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve could not be used for dividend payment.

18. DIVIDEND

The Ordinary General Meeting of Shareholders held on March 19, 2014, a resolution was passed authorizing the payment of dividend at the rate of Baht 15.23 per share, in the total amount of Baht 99 million.

The Ordinary General Meeting of Shareholders held on April 24, 2013, a resolution was passed authorizing the payment of dividend payment at the rate of Baht 4.25 per share, in the total amount of Baht 27.63 million and approved an additional appropriated legal reserve of Baht 5.59 million.

19. PROVIDENT FUND

The Company 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 Company. The Fund is managed by UOB Asset Management (Thailand) Company Limited. This Fund is registered under the conditions of Ministry of Finance and the Fund is managed by the approved fund manager.

20. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Purchases of finished goods	388,056,420.13	353,143,436.15
Other changes in finished goods	2,042,372.64	(4,421,943.13)
Employees expenses	58,457,537.71	41,858,106.63
Office rental and service expenses	6,260,338.17	14,257,191.69

21. INCOME TAX

Income tax for the years ended December 31, 2014 and 2013, were calculated at a rate specified by the Revenue Department on accounting profit after adjusting certain conditions and any adjustment to tax payable in respect of previous periods according to the Revenue Code. The Company recorded the corporate income tax as expense within the financial period and recorded the accrued portion as liabilities in the statements of financial position.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period beginning on or after January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

Royal Decree No. 577 B.E. 2557 dated November 3, 2014 extends the reduction to 20% for the accounting period which begins on or after January 1, 2015, but not later than December 31, 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at December 31, 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

Income tax expense for the years ended December 31, 2014 and 2013 consisted of:

	Baht	
	2014	2013
Current tax expense		
Current year	15,276,461.44	16,808,349.93
Deferred tax expense		
Movement in temporary differences	1,284,262.62	(1,544,918.51)
Income tax expense	16,560,724.06	15,263,431.42

	2014		2013	
	Tax rate		Tax rate	
	(%)	Baht	(%)	Baht
Profit before income tax		77,165,917.65		76,423,751.06
Income tax using the corporate tax rate	20	15,433,183.53	20	15,284,750.21
Expenses not deductible for tax purposes		(139,566.71)		1,546,569.72
Addition expenses deductible for tax purposes		(17,155.38)		(22,970.00)
Current tax	20	15,276,461.44	22	16,808,349.93
Movement in temporary differences		1,284,262.62		(1,544,918.51)
Income tax expense	21	16,560,724.06	20	15,263,431.42

22. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

The Company operates in a single line of business, wholesaling, retailing, servicing, renting, leasing, contracting and installation of fire protection system and fire suppression agent and has therefore only one business segment and the Company operates in a single geographic area.

23. DISCLOSURES OF FINANCIAL INSTRUMENTS

The Company does not speculate or engage in the trading of any derivative financial instruments.

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 Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

Credit risk

Credit risk is the risk arising from failure of customers or counter parties to meet their contractual obligations. Credit risk occurs when the party fails to fulfill the contractual agreement, which may eventually cause financial losses. The Company has determined a risk protection policy through analysis of the customer and counter parties' financial status, and also defines the policy for credit approval and debt collection period.

Credit of the Company is the credit for construction services and trade provided to the customers that is the general customary trading practice.

Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and liabilities or net interest income as a result of the fluctuation of the market interest rate.

Most of the interest rates of financial assets and liabilities of the Company are floating rates, which are based on market rates such as the interest rate for the outstanding clients of a commercial bank, savings interest rate or other benchmark floating rates.

Foreign currency risk

The Company's exchange rate risk primarily involves the purchases of goods in foreign currencies. As at December 31, 2014 and 2013, the Company had liabilities in foreign currencies as follows:

	Foreign Currencies	
	2014	2013
Non-Hedging		
US Dollars	1,381,285.14	1,317,735.24
Singapore Dollars	56,989.20	101,477.38
Euro	1,086.64	-

Fair value

Fair value is the value which the Company expects to receive from disposing of financial assets, or the value that the Company expects to pay for redemption of financial liabilities by using the market value or the appraisal value of the general financial market methodology.

The fair value of financial assets and liabilities approximate their carrying value in the financial statements.

24. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2014, the Company had commitments and contingent liabilities as follows:

24.1 Letters of guarantee issued by banks for goods and under installation of system service agreement in the amount of Baht 7.34 million.

24.2 Payment under office and warehouse rental agreement with other company and related parties as follows:
(see Note 9)

	Rental and service
Period	(Millions Baht)
1 year	5.91
2 - 5 years	6.41

24.3 Payment under vehicles rental with related party at the rate of Baht 0.04 million per month.

24.4 Payment under consultant agreement in the amount of Baht 0.12 million.

24.5 Payment under service agreement in the amount of Baht 11.42 million.

25. RECLASSIFICATION

The Company has reclassified certain accounts in the statement of comprehensive income for the year ended December 31, 2013 to conform with the presentation of the financial statements of current year consisted of:

	Baht		
	Before reclassification	Reclassification	After reclassification
Statement of comprehensive income			
Cost of sales and services	369,859,427.85	18,482.00	369,877,909.85
Selling expenses	27,470,239.28	169,564.06	27,639,803.34
Administrative expenses	46,832,981.20	(188,046.06)	46,644,935.14

26. EVENT AFTER THE REPORTING PERIOD

The Board of Directors' Meeting held on February 27, 2015, a resolution was passed authorizing the payment of dividend at the rate of Baht 0.15 per share, in the total amount of Baht 52.50 million.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 27, 2015.



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