

## **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.

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

	Note	Baht	
		2014	2013
<b>ASSETS</b>	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		<u>547,805,875.32</u>	<u>270,878,660.12</u>
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		<u>24,560,141.74</u>	<u>10,498,367.61</u>
<b>Total Assets</b>		<b><u>572,366,017.06</u></b>	<b><u>281,377,027.73</u></b>

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

		Baht	
	Note	2014	2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
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		<u>100,729,807.47</u>	<u>100,623,566.56</u>
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		<u>11,108,451.06</u>	<u>5,042,322.91</u>
<b>Total Liabilities</b>		<b><u>111,838,258.53</u></b>	<b><u>105,665,889.47</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
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			
		<u>175,000,000.00</u>	<u>65,000,000.00</u>
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
<b>Total Shareholders' Equity</b>		<b><u>460,527,758.53</u></b>	<b><u>175,711,138.26</u></b>
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>572,366,017.06</u></b>	<b><u>281,377,027.73</u></b>

**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		
<b>Revenue from sales and services</b>	4	<b>572,035,607.31</b>	<b>518,614,993.73</b>
Cost of sales and services	4, 9, 20	(422,048,346.59)	(369,877,909.85)
<b>Gross profit</b>		<b>149,987,260.72</b>	<b>148,737,083.88</b>
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)
<b>Profit for the year</b>		<b>60,605,193.59</b>	<b>61,160,319.64</b>
Other comprehensive income (loss)		-	-
<b>Total comprehensive income</b>		<b>60,605,193.59</b>	<b>61,160,319.64</b>
 <b>Earnings per share</b>			
Basic earnings per share	3	0.25	0.47
Weighted average number of ordinary shares (Shares)	3	243,260,274	130,000,000

**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				Total
		Issued and paid-up share capital	Premium on share capital	Retained earnings		
				Appropriated	Unappropriated	
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
<b>Cash flows from operating activities:</b>		
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)
<b>Net cash provided by operating activities</b>	<b>62,792,201.55</b>	<b>56,131,435.03</b>
<b>Cash flows from investing activities:</b>		
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)
<b>Net cash used in investing activities</b>	<b>(253,949,804.36)</b>	<b>(31,681,483.30)</b>
<b>Cash flows from financing activities:</b>		
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	-
<b>Net cash provided by (used in) financing activities</b>	<b>214,290,820.77</b>	<b>(31,063,801.80)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>23,133,217.96</b>	<b>(6,613,850.07)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,527,173.83</b>	<b>9,141,023.90</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>25,660,391.79</b>	<b>2,527,173.83</b>

**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)**  
**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:

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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:

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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:

<b>TFRS</b>	<b>Topic</b>
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
<b>Weighted average number of ordinary shares (shares)</b>		
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
<b>Trade accounts receivable</b>		
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
<b>Add</b> Doubtful accounts	404,762.91	885,420.61
<b>Less</b> Written-off bad debt	(14,650.44)	(106,946.50)
Balance as at the end	<u>1,971,501.48</u>	<u>1,581,389.01</u>

## 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	<u>107,453,581.03</u>	<u>109,495,953.67</u>
<b>Less</b> Allowance for devaluation of inventories	(5,936,347.53)	(7,337,872.25)
Inventories - net	<u>101,517,233.50</u>	<u>102,158,081.42</u>

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
<b>Add</b> Loss on devaluation of inventories (reversal)	(1,401,524.72)	3,897,114.66
Balance as at the end	<u>5,936,347.53</u>	<u>7,337,872.25</u>

## 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
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Net book value</b>						
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

5,007,147.31	3,973,393.47
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The Company has entered into office building rental agreement as follows:

	As at December 31, 2014		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Mr. Jain Charnnarong	3 years	53,100
	Harn Engineering Co., Ltd.	3 years	238,800
Warehouse rental agreement	Harn Engineering Co., Ltd.	3 years	195,490
	Phattraritta 1997 Co., Ltd.	5 years	5,250

## 10. INTANGIBLE ASSET

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

	Baht
<b>Cost</b>	
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
<b>Accumulated amortization</b>	
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
<b>Net book value</b>	
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	<u>1,478,614.20</u>	<u>2,762,876.82</u>

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

	Baht		
	At January 1, 2014	Profit (loss)	At December 31, 2014
<b>Deferred tax assets</b>			
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	<u>2,804,062.00</u>	<u>(233,024.55)</u>	<u>2,571,037.45</u>
<b>Deferred tax liabilities</b>			
Depreciation	(41,185.18)	(57,157.86)	(98,343.04)
Unbilled receivables	-	(994,080.21)	(994,080.21)
Total	<u>(41,185.18)</u>	<u>(1,051,238.07)</u>	<u>(1,092,423.25)</u>

	Baht		
	At January 1, 2013	Profit (loss)	At December 31, 2013
<b>Deferred tax assets</b>			
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>
<b>Deferred tax liabilities</b>			
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
<b>Post-employment benefit plan</b>		
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
<b>Post-employment benefit plan</b>		
Present value of obligations	6,393,706.76	5,042,322.91
Employee benefit obligations - recognised in statements of financial position	<u>6,393,706.76</u>	<u>5,042,322.91</u>

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
<b>Current tax expense</b>		
Current year	15,276,461.44	16,808,349.93
<b>Deferred tax expense</b>		
Movement in temporary differences	1,284,262.62	(1,544,918.51)
Income tax expense	<u>16,560,724.06</u>	<u>15,263,431.42</u>

	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)

Period	Rental and service (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
<b>Statement of comprehensive income</b>			
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.