

## **AUDITOR'S REPORT**

### **To the Board of Directors and Shareholders of Fire Victor Public 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, 2015, 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, 2015, 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 26, 2016

FIRE VICTOR PUBLIC COMPANY LIMITED  
FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015

**FIRE VICTOR PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2015**

		Baht	
	Note	2015	2014
<b>ASSETS</b>	3		
Current Assets			
Cash and cash equivalents	5	28,184,442.24	25,660,391.79
Current investments	6, 25	256,675,231.14	270,160,203.58
Trade and other receivables	4, 7	116,904,281.92	129,857,073.32
Unbilled receivables		13,042,300.96	17,634,660.62
Inventories	8	114,314,910.63	101,517,233.50
Other current assets		6,491,581.26	2,976,312.51
Total Current Assets		535,612,748.15	547,805,875.32
Non-Current Assets			
Restricted bank deposits	12	1,280,284.00	-
Equipment	4, 9	16,221,580.40	12,812,604.76
Intangible asset	4, 10	6,715,282.27	5,478,293.48
Deferred tax assets	11	3,450,283.40	1,478,614.20
Other non-current assets		5,727,006.29	4,790,629.30
Total Non-Current Assets		33,394,436.36	24,560,141.74
<b>Total Assets</b>		<b>569,007,184.51</b>	<b>572,366,017.06</b>

**FIRE VICTOR PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2015**

		Baht	
	Note	2015	2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	3		
Current Liabilities			
Trade and other payables	4, 13	88,572,531.89	88,200,356.75
Accrued income tax		2,778,140.51	5,841,251.73
Short-term provisions		88,300.00	387,840.00
Other current liabilities	14	10,257,463.97	6,300,358.99
Total Current Liabilities		101,696,436.37	100,729,807.47
Non-Current Liabilities			
Employee benefit obligations	15	9,840,943.97	6,393,706.76
Other non-current liabilities		5,672,267.29	4,714,744.30
Total Non-Current Liabilities		15,513,211.26	11,108,451.06
<b>Total Liabilities</b>		<b>117,209,647.63</b>	<b>111,838,258.53</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	16		
Authorized share capital			
350,00,000,000 ordinary shares, Baht 0.50 par value		175,000,000.00	175,000,000.00
Issued and paid-up share capital			
350,000,000 ordinary shares, fully paid-up		175,000,000.00	175,000,000.00
Premium on share capital	16, 17	218,306,426.68	218,306,426.68
Retained earnings			
Appropriated to legal reserve	18	11,840,416.97	9,530,259.68
Unappropriated	19	46,650,693.23	57,691,072.17
<b>Total Shareholders' Equity</b>		<b>451,797,536.88</b>	<b>460,527,758.53</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>569,007,184.51</b>	<b>572,366,017.06</b>

**FIRE VICTOR PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

		Baht	
	Note	2015	2014
	3		
<b>Revenue from sales and services</b>	4	<b>567,538,203.18</b>	<b>572,035,607.31</b>
Cost of sales and services	4, 9, 21, 22	(425,789,991.16)	(422,048,346.59)
<b>Gross profit</b>		<b>141,748,212.02</b>	<b>149,987,260.72</b>
Other income	4	15,413,566.67	11,393,818.71
Selling expenses	4, 9, 21, 22	(34,390,535.57)	(28,662,682.09)
Administrative expenses	4, 9, 21, 22	(66,157,840.67)	(55,120,613.23)
Finance costs		(173.99)	(431,866.46)
Profit before income tax		56,613,228.46	77,165,917.65
Tax expense	23	(10,410,082.72)	(16,560,724.06)
<b>Profit for the year</b>		<b>46,203,145.74</b>	<b>60,605,193.59</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Defined benefit plan actuarial loss		(3,041,709.24)	-
Income tax relating to defined benefit plan actuarial loss	23	608,341.85	-
Other comprehensive loss for the year - net of tax		(2,433,367.39)	-
<b>Total comprehensive income</b>		<b>43,769,778.35</b>	<b>60,605,193.59</b>
<b>Earnings per share</b>			
Basic earnings per share	3	0.13	0.25
Weighted average number of ordinary shares (Shares)	3	350,000,000	243,260,274

**FIRE VICTOR PUBLIC COMPANY LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Note	Baht			
		Issued and paid-up	Premium	Retained earnings	
		share capital	on share capital	Appropriated	Unappropriated
					Total
Balance as at January 1, 2014		65,000,000.00	5,100,000.00	6,500,000.00	99,111,138.26
Changes in shareholders' equity:					
Increase in ordinary shares	16	110,000,000.00	213,206,426.68	-	-
Dividend paid	19	-	-	-	(98,995,000.00)
Appropriated to legal reserve	18	-	-	3,030,259.68	(3,030,259.68)
Profit for the year		-	-	-	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
Changes in shareholders' equity:					
Dividend paid	19	-	-	-	(52,500,000.00)
Appropriated to legal reserve	18	-	-	2,310,157.29	(2,310,157.29)
Profit for the year		-	-	-	46,203,145.74
Other comprehensive loss for the year		-	-	-	(2,433,367.39)
Balance as at December 31, 2015		175,000,000.00	218,306,426.68	11,840,416.97	46,650,693.23

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



**FIRE VICTOR PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Baht	
	2015	2014
<b>Cash flows from operating activities:</b>		
Profit before income tax	56,613,228.46	77,165,917.65
Adjustments to reconcile profit before income tax to net cash		
provided by (used in) operating activities		
Depreciation and amortization	4,321,889.00	2,728,428.82
Doubtful accounts	954,972.40	390,112.47
Loss on devaluation of inventories (reversal)	671,443.56	(1,401,524.72)
Gain on disposal of assets	(2,649,913.68)	(488,288.13)
Unrealized loss on exchange rate	186,982.02	403,495.00
Unrealized (gain) loss on revaluation of investments	2,488,299.19	(737,135.32)
Provision incurred from employee benefit obligations	749,527.97	2,768,383.85
Interest and dividends income	(585,367.04)	(77,257.78)
Interest expenses	173.99	431,866.46
Profit from operating activities before change in operating assets		
and liabilities	62,751,235.87	81,183,998.30
Change in operating assets (increase) decrease		
Trade and other receivables	11,997,819.00	(68,180.60)
Unbilled receivables	4,592,359.66	(11,429,651.88)
Inventories	(13,469,120.69)	2,042,372.64
Other current assets	(3,468,461.22)	(1,957,723.61)
Restricted bank deposits	(1,280,284.00)	-
Other non-current assets	(936,376.99)	(4,785,379.30)
Change in operating liabilities increase (decrease)		
Trade and other payables	138,385.59	7,614,952.35
Short-term provisions	(299,540.00)	387,840.00
Other current liabilities	3,957,104.98	3,150,730.48
Payment of employee benefit obligations	(344,000.00)	(1,417,000.00)
Other non-current liabilities	957,522.99	4,714,744.30
Cash generated from operations	64,596,645.19	79,436,702.68



**FIRE VICTOR PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Baht	
	2015	2014
Interest and dividends received	585,367.04	77,257.78
Income tax paid	(14,836,521.29)	(16,721,758.91)
<b>Net cash provided by operating activities</b>	<b>50,345,490.94</b>	<b>62,792,201.55</b>
<b>Cash flows from investing activities:</b>		
(Increase) decrease in current investments	12,762,111.27	(240,700,000.00)
Purchases of equipment	(6,893,648.10)	(7,956,952.04)
Proceeds from sales of equipment	886,233.66	141,630.85
Purchases of intangible asset	(2,075,963.33)	(5,434,483.17)
<b>Net cash provided by (used in) investing activities</b>	<b>4,678,733.50</b>	<b>(253,949,804.36)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term loans from financial institutions	-	50,000,000.00
Repayment of short-term loans from financial institutions	-	(60,000,000.00)
Interest paid	(173.99)	(437,345.91)
Dividend paid	(52,500,000.00)	(98,995,000.00)
Proceeds from increase in share capital	-	323,723,166.68
<b>Net cash provided by (used in) financing activities</b>	<b>(52,500,173.99)</b>	<b>214,290,820.77</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,524,050.45</b>	<b>23,133,217.96</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>25,660,391.79</b>	<b>2,527,173.83</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>28,184,442.24</b>	<b>25,660,391.79</b>

**FIRE VICTOR PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 was listed in the Market for Alternative Investment (mai) on the Stock Exchange of Thailand on November 13, 2014. The Company 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 2015), Thai Accounting Standards (“TAS”), TFRS, Thai Standard Interpretations (“TSIC”) and Thai Financial Reporting Interpretations (“TFRIC”) as follows:

- a) Conceptual Framework for Financial Reporting (revised 2015) which is immediately effective for the year 2015.
- b) 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
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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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
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
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

During the year, the Company has adopted Conceptual Framework for Financial Reporting (revised 2015), new and revised TFRS which are effective for the accounting period beginning on or after January 1, 2015. These Conceptual Framework for Financial Reporting (revised 2015) and TFRS were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these Conceptual Framework for Financial Reporting (revised 2015) and TFRS does not have any significant impact on the financial statements of the Company, except TFRS as follows:

**TAS 1 (revised 2014) Presentation of financial statements**

The key change is that the Company is required to group items presented in “Other Comprehensive Income” on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This standard will only impact the Company presentation of other comprehensive income items in the statement of comprehensive income of the Company.

**TFRS 13 Fair value measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. The Company is to apply the guidance under this standard if it is required by other TFRS to measure its assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

The Company disclosed information in accordance with this standard as described in Note 25.

**New and revised Thai Financial Reporting Standards not yet effective**

During the year 2015, FAP has issued Notifications, mandating the use of new and revised Thai Accounting Standards (“TAS”), TFRS, Thai Standard Interpretations (“TSIC”), Thai Financial Reporting Interpretations (“TFRIC”) and accounting guidance (“AG”) as follows:

TAS, TFRS, TSIC, TFRIC and AG which are effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

<b>TAS/TFRS/TSIC/TFRIC/AG</b>	<b>Topic</b>
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events after the Reporting Period
TAS 11 (revised 2015)	Construction Contracts

<b>TAS/TFRS/TSIC/TFRIC/AG</b>	<b>Topic</b>
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Asset
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments

<b>TAS/IFRS/TSIC/IFRIC/AG</b>	<b>Topic</b>
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases-Incentives
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TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners

<b>TAS/TFRS/TSIC/TFRIC/AG</b>	<b>Topic</b>
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Accounting guidance for the measurement and recognition of bearer plants

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.

### **Borrowing costs**

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

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 banks 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.

Costs of investment sold during the year are calculated using the weighted average cost method.

### **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 and 10 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' fair value less cost to sell 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.

### **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 lease 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 recognizes 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) immediately in other comprehensive income.

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

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

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

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

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

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

### **Basic earnings per share**

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

For the years ended December 31, 2015 and 2014

	2015	2014
Profit for the year (Baht)	46,203,145.74	60,605,193.59
<b>Weighted average number of ordinary shares (shares)</b>		
Issued ordinary shares at the beginning of the year	350,000,000	6,500,000
Effect of shares issued during the year and the change in par value on September 19, 2014	-	236,760,274
Weighted average number of ordinary shares (shares)	350,000,000	243,260,274
Basic earnings per share (Baht)	0.13	0.25

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 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, 2014.

#### 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, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Purchase of goods		
Chillmatch Co., Ltd.	7,700.00	4,900.00
Sale of goods		
Chillmatch Co., Ltd.	6,950.00	1,890.00
Q II S Co., Ltd.	800.00	-
Purchase of equipment and intangible asset		
Chillmatch Co., Ltd.	-	290.00
Harn Engineering Co., Ltd.	1,736,000.00	2,399,824.00
Sale of equipment		
Mr. Rattanaphan Mukhariwattananon	531,775.70	-
Mrs. Urairut Hanthaweeapat	353,271.03	-
<b>Other income</b>		
Q II S Co., Ltd.	6,628,800.00	<b>5,700,000.00</b>
Chillmatch Co., Ltd.	4,334,400.00	<b>3,156,000.00</b>
Office rental and service expenses		
Harn Engineering Co., Ltd.	5,211,480.00	5,734,710.00
Mr. Jain Charnnarong	469,050.00	26,550.00
<b>Directors' remuneration</b>		
<b>Directors</b>	495,000.00	2,495,000.00

The significant balances with related companies as at December 31, 2015 and 2014 were as follow

	Baht	
	2015	2014
Other receivables		
Harn Engineering Co., Ltd.	1,379,465.00	1,456,132.00
Q II S Co., Ltd.	856.00	-
Trade and other payables		
Chillmatch Co., Ltd.	-	2,247.00

#### Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Short-term benefits	7,377,484.00	8,354,890.00
Post-employment benefits	58,371.44	221,724.12
Total	7,435,855.44	8,576,614.12

#### Company/Person Relationship

Company/Person	Country/		Relationship
	Nationality	Related	
Harn Engineering Co., Ltd.	Thailand	Related company	Director and/or common shareholders
Q II S Co., Ltd.	Thailand	Related company	Director and/or common shareholders
Chillmatch Co., Ltd.	Thailand	Related company	Director and/or common shareholders
Mr. Jain Charnnarong	Thai	Related person	Close member of the director's family and shareholder
Mr. Rattanaphan Mukhariwattananon	Thai	Related person	shareholder
Mrs. Urairut Hanthaweeapat	Thai	Related person	shareholder

#### Bases of measurement for intercompany revenues and expenses

	Pricing Policy
Purchase and sale of goods	Market price
Purchase and sale of equipment and intangible asset	Contractually agreed prices
Other income	Contractually agreed prices
Rental and service expenses	Contractually agreed prices



## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Cash	151,712.67	149,582.23
Cash at banks	28,032,729.57	25,510,809.56
Total	28,184,442.24	25,660,391.79

## 6. CURRENT INVESTMENTS

Current investments as at December 31, 2015 and 2014 consisted of:

	Baht					
	Cost		Fair value		Unrealized gain (loss)	
	2015	2014	2015	2014	2015	2014
Investment units	222,934,299.23	269,339,057.32	227,236,718.34	270,160,203.58	4,302,419.11	821,146.26
Investments in listed securities	35,408,084.84	-	29,438,512.80	-	(5,969,572.04)	-
Total	258,342,384.07	269,339,057.32	256,675,231.14	270,160,203.58	(1,667,152.93)	821,146.26

Movements of investments in listed securities for the year ended December 31, 2015 were as follows:

	Baht
As at January 1, 2015	-
Acquisition	144,961,449.95
Disposal	(108,118,535.51)
Changes in value of investments in listed securities	(7,404,401.64)
As at December 31, 2015	29,438,512.80

During the year 2015, the Company had realized loss and unrealized loss on revaluation of investments in listed securities as follows:

	Baht
Realized loss on investments	(1,434,829.60)
Unrealized loss on investments	(5,969,572.04)
Total	(7,404,401.64)

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Trade accounts receivable	113,392,501.69	127,538,610.80
<b>Less</b> Allowance for doubtful accounts	(2,926,473.88)	(1,971,501.48)
Trade accounts receivable - net	110,466,027.81	125,567,109.32
Other receivables	6,438,254.11	4,289,964.00
Trade and other receivables - net	116,904,281.92	129,857,073.32

As at December 31, 2015 and 2014, the Company had outstanding balances of trade accounts receivable aged by number of months as follows:

	Baht	
	2015	2014
<b>Trade accounts receivable</b>		
Current	75,312,196.24	94,747,483.17
Overdue		
Less than or equal to 3 months	33,599,376.14	30,033,764.65
Over 3 months up to 6 months	529,325.24	1,348,713.18
Over 6 months up to 12 months	2,210,270.43	755,069.10
Over 12 months	1,741,333.64	653,580.70
Total	113,392,501.69	127,538,610.80

Movement of allowance for doubtful accounts for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Balance as at the beginning	1,971,501.48	1,581,389.01
<b>Add</b> Doubtful accounts	954,972.40	404,762.91
<b>Less</b> Written-off bad debt	-	(14,650.44)
Balance as at the end	2,926,473.88	1,971,501.48

## 8. INVENTORIES

Inventories as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Finished goods	98,064,763.31	78,734,005.22
Goods in transit	22,857,938.41	28,719,575.81
Total	120,922,701.72	107,453,581.03
<b>Less</b> Allowance for devaluation of inventories	(6,607,791.09)	(5,936,347.53)
Inventories - net	114,314,910.63	101,517,233.50

Movements of allowance for devaluation of inventories for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Balance as at the beginning	5,936,347.53	7,337,872.25
<b>Add (less)</b> Loss on devaluation of inventories (reversal)	671,443.56	(1,401,524.72)
Balance as at the end	6,607,791.09	5,936,347.53

## 9. EQUIPMENT

Equipment as at December 31, 2015 and 2014 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, 2014	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
Purchases/transfer in	56,597.63	1,477,615.31	5,351,371.19	8,063.97	-	6,893,648.10
Disposals/transfer out	(20,053.42)	(130,250.00)	(1,951,400.00)	(555.60)	-	(2,102,259.02)
As at December 31, 2015	1,192,301.25	10,353,837.30	12,691,197.69	3,929,067.81	-	28,166,404.05
<b>Accumulated depreciation</b>						
As at January 1, 2014	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
Depreciation	213,746.77	1,885,152.82	1,133,797.44	250,217.43	-	3,482,914.46
Disposals/transfer out	(19,545.50)	(129,003.92)	(1,951,397.00)	(554.60)	-	(2,100,501.02)
As at December 31, 2015	745,949.83	3,622,172.29	4,221,177.57	3,355,523.96	-	11,944,823.65
<b>Net book value</b>						
Owned assets						
As at December 31, 2014	604,008.48	7,140,448.60	4,252,449.37	815,698.31	-	12,812,604.76
As at December 31, 2015	446,351.42	6,731,665.01	8,470,020.12	573,543.85	-	16,221,580.40

	Baht	
	2015	2014
Depreciation for the years ended December 31		
was included in		
Cost of sales	42,753.55	21,736.33
Cost of services	854,898.67	864,831.58
Administrative expenses	2,585,262.24	1,693,670.36
Total	3,482,914.46	2,580,238.27

As at December 31

The carrying amount before accumulated depreciation

which have been depreciated and still in use	4,978,300.17	5,007,147.31
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The Company entered into office building rental agreement as follows:

	As at December 31, 2015		
	Lessor	Period	Rate per month
			(Baht)
Office rental agreement	Mr. Jain Charnnarong	3 years	35,400
	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, 2015 and 2014 consisted of:

	Baht		
	Computer program	Computer program under installation	Total
<b>Cost</b>			
As at January 1, 2014	572,114.98	-	572,114.98
Purchases/transfer in	837,983.17	4,596,500.00	5,434,483.17
Disposals/transfer out	-	-	-
As at December 31, 2014	1,410,098.15	4,596,500.00	6,006,598.15
Purchases/transfer in	5,839,130.00	833,333.33	6,672,463.33
Disposals/transfer out	-	(4,596,500.00)	(4,596,500.00)
As at December 31, 2015	7,249,228.15	833,333.33	8,082,561.48
<b>Accumulated amortization</b>			
As at January 1, 2014	380,114.12	-	380,114.12
Amortization	148,190.55	-	148,190.55
Disposals/transfer out	-	-	-
As at December 31, 2014	528,304.67	-	528,304.67
Amortization	838,974.54	-	838,974.54
Disposals/transfer out	-	-	-
As at December 31, 2015	1,367,279.21	-	1,367,279.21
<b>Net book value</b>			
As at December 31, 2014	881,793.48	4,596,500.00	5,478,293.48
As at December 31, 2015	5,881,948.94	833,333.33	6,715,282.27

Amortization for the years ended December 31, 2015 and 2014 in the amount of Baht 0.84 million and in the amount of Baht 0.15 million, was included in cost of services and administrative expenses.

## 11. DEFERRED TAX

Deferred tax as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Deferred tax assets	3,601,101.50	2,571,037.45
Deferred tax liabilities	(150,818.10)	(1,092,423.25)
Deferred tax assets - net	3,450,283.40	1,478,614.20

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

	Baht			
	At January 1, 2015	Profit (loss)	Other comprehensive income	At December 31, 2015
<b>Deferred tax assets</b>				
Investments	1,952.70	-	-	1,952.70
Trade and other receivables	394,300.30	190,994.48	-	585,294.78
Inventories	1,187,269.50	134,288.72	-	1,321,558.22
Provisions	987,514.95	96,439.00	608,341.85	1,692,295.80
Total	2,571,037.45	421,722.20	608,341.85	3,601,101.50
<b>Deferred tax liabilities</b>				
Equipment	(98,343.04)	(52,475.06)	-	(150,818.10)
Unbilled receivables	(994,080.21)	994,080.21	-	-
Total	(1,092,423.25)	941,605.15	-	(150,818.10)

	Baht		
	At January 1, 2014	Profit (loss)	At December 31, 2014
<b>Deferred tax assets</b>			
Investments	-	1,952.70	1,952.70
Trade and other receivables	316,277.81	78,022.49	394,300.30
Inventories	1,467,574.45	(280,304.95)	1,187,269.50
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
<b>Deferred tax liabilities</b>			
Equipment	(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)

## 12. THE CREDIT FACILITIES WITH FINANCIAL INSTITUTIONS

The credit facilities with financial institutions consisted of:

Type	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2015	2014	2015	2014
Bank overdrafts	9.00	6.00	MOR	MOR
			Fixed deposit	Fixed deposit
Letter of credit/trust receipt	57.00	47.00	MLR	MLR
Letter of guarantee	14.00	14.00	2%	2%
Forward exchange contracts	10.39	12.00	-	-
Promissory notes	5.00	20.00	FTP	MLR
				Fixed deposit
Total	95.39	99.00		
Forward exchange contracts				
(Million US dollars)	0.30	0.30	-	-

The Company's bank deposit was used as collateral for Letter of guarantee of Baht 1.28 million.



**13. TRADE AND OTHER PAYABLES**

Trade and other payables as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Accounts payable	69,667,403.06	67,610,018.23
Other payables		
Accrued expenses	15,920,697.68	18,977,380.03
Other payables	2,984,431.15	1,612,958.49
Total	18,905,128.83	20,590,338.52
Grand total	88,572,531.89	88,200,356.75

**14. OTHER CURRENT LIABILITIES**

Other current liabilities as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Deposit	8,388,372.85	3,459,035.18
Others	1,869,091.12	2,841,323.81
Total	10,257,463.97	6,300,358.99

## 15. EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present value of employee benefit obligations for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
<b>Post-employment benefit plan</b>		
Employee benefit obligations as at January 1	6,393,706.76	5,042,322.91
included in profit or loss:		
Current service cost	469,366.67	2,493,194.00
Interest cost	280,161.30	275,189.85
included in other comprehensive income :		
Actuarial loss arising from		
Demographic assumptions changes	851,587.00	-
Financial assumptions changes	1,027,269.00	-
Experience adjustments	1,162,853.24	-
Benefits paid during the year	(344,000.00)	(1,417,000.00)
Employee benefit obligations as at December 31	9,840,943.97	6,393,706.76

As at December 31, 2015, the Company expected to pay Baht 0.33 million of post-employment benefits during the next year.

As at December 31, 2015 and 2014, the weighted average duration of the liabilities for post-employment benefits is 22 years.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2015 are summarised below:

	Baht	
	Increase	Decrease
Discount rate (0.5% movement)	(7,596,639.00)	8,728,722.00
Salary increase rate (0.5% movement)	8,711,270.00	(7,606,530.00)
Turnover rate (0.5% movement)	(7,561,210.00)	8,354,712.00

Employee benefit obligations in the statements of financial position as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
<b>Post-employment benefit plan</b>		
Present value of obligations	9,840,943.97	6,393,706.76
Employee benefit obligations - recognised in statements of financial position	9,840,943.97	6,393,706.76

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 assumptions used in determining provision for retirement benefit on an actuarial basis as at December 31, 2015 and 2014 (expressed as weighted averages) are shown below:

	Percent	
	2015	2014
Discount rate	3.78	4.78
Future salary increases	6.30	6.30
Turnover rate	0 - 24	6.67
Disability rate	Thai Mortality Ordinary Table 2008	

## 16. 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 with 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.

#### **17. 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.

#### **18. 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.

#### **19. DIVIDEND**

The Ordinary General Meeting of Shareholders held on April 24, 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.

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.

#### **20. 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.

## 21. THE EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

On May 22, 2015, the Securities and Exchange Commission approved the Employee Joint Investment Program (EJIP). The details of the program are as follows:

The period of EJIP	May 1, 2015 to April 30, 2020, with a total duration of 5 years.
Eligible employees under EJIP	The employees has over one year working experience or employees at director on the voluntary basis.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of each month and director at the rate 5-25% of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1st year - 2nd year, cannot sell any shares After the 2nd year, can sell 25% of accumulated shares After the 3rd year, can sell 50% of accumulated shares After the 4th year, can sell 75% of accumulated shares After the 5th year, can sell all shares
EJIP program manager	Phillip Securities (Thailand) Public Company Limited

During the year 2015, the Company contributed Baht 1.36 million to the program.

## 22. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Purchases of finished goods	395,731,034.63	388,056,420.13
Other changes in finished goods	(13,469,120.69)	2,042,372.64
Employees expenses	68,662,962.88	58,457,537.71
Office rental and service expenses	6,015,885.00	6,260,338.17

## 23. INCOME TAX

Corporate income tax for the years ended December 31, 2015 and 2014 was calculated at a rate specified by the Revenue Department on net earnings after adjusting certain conditions according to the Revenue Code. The Company recorded the corporate income tax as expense for the years 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.

Income tax expense for the years ended December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
<b>Current tax expense</b>		
Current year	11,773,410.07	15,276,461.44
<b>Deferred tax expense</b>		
Movement in temporary differences	(1,363,327.35)	1,284,262.62
Income tax expense	<u>10,410,082.72</u>	<u>16,560,724.06</u>

Income tax recognised in other comprehensive income for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Provisions	<u>608,341.85</u>	<u>-</u>

## Reconciliation of effective tax rate

	2015		2014	
	Tax rate		Tax rate	
	(%)	Baht	(%)	Baht
Profit before income tax		<u>56,613,228.46</u>		<u>77,165,917.65</u>
Income tax using the corporate tax rate	20	11,322,645.69	20	15,433,183.53
Expenses not deductible for tax purposes		549,367.46		(139,566.71)
Addition expenses deductible for tax purposes		<u>(98,603.08)</u>		<u>(17,155.38)</u>
Current tax	21	11,773,410.07	20	15,276,461.44
Movement in temporary differences		<u>(1,363,327.35)</u>		<u>1,284,262.62</u>
Income tax expense	18	<u>10,410,082.72</u>	21	<u>16,560,724.06</u>

## 24. 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.

## 25. FAIR VALUE HIERARCHY

As at December 31, 2015, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	Baht			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in investment units	-	227,236,718.34	-	227,236,718.34
Investments in listed securities	29,438,512.80	-	-	29,438,512.80
Foreign currency forward contracts	-	46,807.53	-	46,807.53

### Valuation techniques and inputs to Level 2 valuation

The fair value of investments in investment units that are not listed on the Stock Exchange of Thailand is determined by using the net asset value per unit as announced by the fund managers.

The fair value of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves.

During the year, there was no transfers within the fair value hierarchy.

## 26. 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 prime 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, 2015 and 2014, the Company had liabilities in foreign currencies as follows:

	Foreign Currencies	
	2015	2014
Non-Hedging		
US Dollars	754,497.69	1,381,285.14
Singapore Dollars	99,115.00	56,989.20
Euro	15,092.95	1,086.64

**Fair value**

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



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

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

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

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

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

Most of the financial assets are cash and cash equivalents, trade and other receivables and restricted bank deposits. Most of the financial liabilities are trade and other payables with its interest rates close to the market rate. The carrying amount of the financial assets and financial liabilities are not significantly different from their fair value.

## **27. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2015, the Company had commitments and contingent liabilities as follows:

27.1 Letters of guarantee issued by banks for goods and under installation of system service agreement in the amount of Baht 17.87 million.

27.2 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	5.48
2 - 5 years	0.52

27.3 Payment under consultant agreement in the amount of Baht 3.60 million.

27.4 Payment under service agreement in the amount of Baht 11.09 million.

## **28. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors' Meeting held on February 26, 2016, a resolution was passed authorizing the payment of dividend at the rate of Baht 0.10 per share, in the total amount of Baht 35 million; in addition another resolution was passed authorizing the investment in a joint venture company which will be established in Phnom Penh, Cambodia with registered capital of Baht 3.60 million, representing 40 percent shareholding.

**29. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved for issue by the Board of Directors on February 26, 2016.