

**FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018 (UNAUDITED) (REVIEWED)**

**1. GENERAL INFORMATION**

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

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

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

**2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34, Interim Financial Reporting (revised 2017) to provide information additional to that included in the financial statements for the year ended 31 December 2017. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2017.

The interim financial statements have been prepared in the Thai language and expressed in Thai Baht. Such interim 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 interim financial statements has been provided by translating from the Thai version of the interim financial statements.

The preparation of the interim financial statements in accordance with Thai Financial Reporting Standards (“TFRS”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from theses estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

## BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements are prepared using the same basis as were used for the consolidated financial statements for the year ended 31 December 2017 and consisted of the interim financial statements of Firetrade Engineering Public Company Limited, and its subsidiary (together referred to as “the Group”) as follows:

Subsidiary	Located in	Business type	Percentage of holding (%)		
			31 March		31 December
			2018	2017	2017
Fire Inspector Co., Ltd.	Thailand	Sales, installation and provide service	99.99	99.99	99.99

of fire protection equipment and systems.

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

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

### Changes in application of new and revised TFRS

#### Revised TFRS that became effective in the current period

During the period 2018, the Group has adopted revised TFRS (revised 2017) which are effective for the accounting period beginning on or after 1 January 2018. These TFRS were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the note to the financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

#### New Thai Financial Reporting Standard not yet effective

During the period 2018, the Federation of Accounting Professions has issued Notification, mandating the use of TFRS 15 Revenue from Contracts with Customers which is effective for the financial statements for the period beginning on or after 1 January 2019. Key principles of this standard are summarized below.

#### TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 (revised 2017) Construction Contracts and TAS 18 (revised 2017) Revenue, together with related Interpretations. The Group is to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group is assessing the impacts of this TFRS on the financial statements for the period in which it is initially applied.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

### 4. RELATED PARTY TRANSACTIONS

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

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

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

The significant transactions with related parties for the three-month periods ended 31 March 2018 and 2017 were as follows:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenues from sales				
Fire Inspector Co., Ltd.	-	-	7,819	5,642
Safety Factory Co., Ltd.	214	51	214	51
Revenues from services				
Fire Inspector Co., Ltd.	-	-	778	809
Dividend income				
Fire Inspector Co., Ltd.	-	-	-	18,978
Interest income				
Fire Inspector Co., Ltd.	-	-	187	246
Other income				
Fire Inspector Co., Ltd.	-	-	82	88
Safety Factory Co., Ltd.	69	73	69	72
S.I. Firetrade Co., Ltd.	199	224	199	224
Econlite Manufacturing (Thailand) Co., Ltd.	36	36	36	36

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Purchases of goods				
Fire Inspector Co., Ltd.	-	-	2,065	2,220
Safety Factory Co., Ltd.	39	152	39	152
S.I. Firetrade Co., Ltd.	7	8	4	-
Econlite Manufacturing (Thailand) Co., Ltd.	27	7	27	7
Other services				
Fire Inspector Co., Ltd.	-	-	-	151
Safety Factory Co., Ltd.	19	-	19	-

The balances with related parties as at 31 March 2018 and 31 December 2017 were as follows:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other receivables				
Fire Inspector Co., Ltd.	-	-	7,819	4,194
Safety Factory Co., Ltd.	215	414	215	414
S.I. Firetrade Co., Ltd.	3	5	3	5
Econlite Manufacturing (Thailand) Co., Ltd.	-	12	-	12
Investments in subsidiary (see Note 7)	-	-	4,849	4,849
Trade and other payables				
Safety Factory Co., Ltd.	54	161	54	161
S.I. Firetrade Co., Ltd.	7	3	4	2
Econlite Manufacturing (Thailand) Co., Ltd.	7	7	7	3
Other non-current liabilities				
Fire Inspector Co., Ltd.	-	-	22	22
S.I. Firetrade Co., Ltd.	100	100	100	100
Safety Factory Co., Ltd.	26	26	26	26

### Short-term loans to related party

Short-term loans to related party as at 31 March 2018 and 31 December 2017 consisted of:

	Thousands Baht	
	Separate financial statements	
	2018	2017
Fire Inspector Co., Ltd.	19,000	19,000

Movements of short-term loans to related party for the three-month periods ended 31 March 2018 and 2017 were as follows:

	Thousands Baht	
	Separate financial statements	
	2018	2017
Beginning balance	19,000	24,800
Increase	-	9,000
Decrease	-	-
Ending balance	19,000	33,800

### Key management personnel compensation

Key management personnel compensation for the three-month periods ended 31 March 2018 and 2017 consisted of:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term benefits	4,422	3,513	4,034	3,022
Post-employment benefits	374	279	344	254
Total	4,796	3,792	4,378	3,276

### Company relationship

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

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

	Pricing Policy
Purchases and sales of goods	Cost plus mutually agreed margin
Revenues from services - other services	Cost plus mutually agreed margin
Dividend income	As declared
Interest income	Negotiated agreement
Other income	Negotiated agreement

**5. TRADE AND OTHER RECEIVABLES**

Trade and other receivables as at 31 March 2018 and 31 December 2017 consisted of:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable	204,589	217,817	201,326	204,412
<b>Less</b> Allowance for doubtful accounts	<b>(4,924)</b>	<b>(4,117)</b>	<b>(4,864)</b>	<b>(4,057)</b>
Trade accounts receivable - net	199,665	213,700	196,462	200,355
Other receivables				
Retention receivables	9,140	8,220	6,953	6,106
Prepaid expenses	7,058	5,927	6,468	5,816
Others	700	1,163	783	516
<b>Total</b>	<b>216,563</b>	<b>229,010</b>	<b>210,666</b>	<b>212,793</b>

As at 31 March 2018 and 31 December 2017 the Group had outstanding balances of trade accounts receivable aged by number of months as follows:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Trade accounts receivable</b>				
Current	114,707	111,589	114,203	105,361
Overdue				
Less than or equal to 3 months	59,138	88,955	56,633	82,057
Over 3 months up to 6 months	19,692	8,806	19,489	8,806
Over 6 months up to 12 months	5,855	5,344	5,855	5,125
Over 12 months	5,197	3,123	5,146	3,063
Total	204,589	217,817	201,326	204,412

## 6. INVENTORIES

Inventories as at 31 March 2018 and 31 December 2017 consisted of:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	227,210	218,958	214,163	211,856
Goods in transit	31,410	38,906	28,114	32,924
Total	258,620	257,864	242,277	244,780
<b>Less Allowance for obsolete and</b>				
slow - moving inventories	(5,659)	(6,477)	(5,203)	(6,000)
Inventories - net	252,961	251,387	237,074	238,780

## 7. INVESTMENTS IN SUBSIDIARY

Investments in subsidiary stated by using the cost method as at 31 March 2018 and 31 December 2017 consisted of:

	Thousands Baht		Percentage of		Thousands Baht		Thousands Baht	
	Paid-up share capital		holding (%)		Cost		Dividend income *	
	2018	2017	2018	2017	2018	2017	2018	2017
Fire Inspector Co., Ltd.	2,000	2,000	99.99	99.99	4,849	4,849	-	18,978

\* For the three-month periods ended 31 March 2018 and 2017

## 8. EQUIPMENT

Movements of equipment for the three-month period ended 31 March 2018 were as follows:

	Thousands Baht	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	11,418	11,329
Purchases/transfer in - cost	306	306
Disposals/write-off/transfer out - net book value	(719)	(719)
Depreciation for the period	(825)	(817)
Net book value as at 31 March 2018	10,180	10,099

## 9. TRADE AND OTHER PAYABLES

Trade and other payables as at 31 March 2018 and 31 December 2017 consisted of:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable	87,788	88,008	83,274	80,670
Other payables				
Accrued expenses	12,956	10,919	12,123	10,180
Advance received	6,534	9,194	3,996	9,099
Others	734	229	734	229
Total	108,012	108,350	100,127	100,178

## 10. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 March 2018 and 31 December 2017 consisted of:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenue Department payable	2,559	8,375	2,510	7,029
Others	132	146	132	146
Total	2,691	8,521	2,642	7,175



## 11. INCOME TAX

The Group recognized tax expense for the three-month periods ended 31 March 2018 and 2017 based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Tax expense for the three-month periods ended 31 March 2018 and 2017 as follows:

	Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Current tax</b>				
Current period	4,378	6,122	3,658	5,037
<b>Deferred tax</b>				
Movements in temporary differences	(127)	295	(125)	97
Tax expense	4,251	6,417	3,533	5,134

## 12. 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 Group operated in two main business segments, namely sale of fire protection equipment and systems and project works and services (design, installation, repair and maintenance of fire protection systems). Their operations are in a single geographic area primarily in Thailand which consider, basing on the types of activities, the operating income and expenses for the three-month periods ended 31 March 2018 and 2017 were as follows:

	Thousands Baht					
	From sales		From project work and services		Total	
	2018	2017	2018	2017	2018	2017
Revenues	153,357	158,313	67,180	74,407	220,537	232,720
Cost	(112,990)	(118,729)	(60,792)	(57,196)	(173,782)	(175,925)
Gross profit	40,367	39,584	6,388	17,211	46,755	56,795

### 13. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2018 the Group had commitments as follows:

#### The Company

13.1 Letter of guarantee issued by bank for goods and installation of system service agreement in the amount of Baht 22.81 million.

13.2 Payment under office and warehouse rental agreement with other company as follows:

<u>Period</u>	<u>Rental and service (Thousands Baht)</u>
1 year	3,333

13.3 Payment under installation of system service agreement in the amount of Baht 32.85 million.

13.4 Payment under consultant agreement in the amount of Baht 0.16 million per month.

13.5 Payment under service agreement in the amount of Baht 1.50 million.

#### The Subsidiary

13.6 Letter of guarantee issued by bank for goods and installation of system service agreement in the amount of Baht 3.90 million.

13.7 Payment under installation of system service agreement in the amount of Baht 1.25 million.

13.8 Payment under service agreement in the amount of Baht 0.13 million.

### 14. EVENTS AFTER THE REPORTING PERIOD

#### The Company

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

#### The Subsidiary

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

## 15. RECLASSIFICATION

The Group has reclassified certain accounts in the statements of financial position as at 31 December 2017 and the statements of comprehensive income for the three-month period ended 31 March 2017 to conform with the presentation of the financial statements of this period which consisted of:

	Thousands Baht					
	Consolidated financial statements			Separate financial statements		
	As previously	After		As previously	After	
	reported	Reclassify	reclassify	reported	Reclassify	reclassify
<b>Statements of financial position</b>						
Trade and other receivables	228,995	15	229,010	212,713	80	212,793
Short-term loans to related party	-	-	-	19,065	(65)	19,000
Other current assets	482	302	784	471	303	774
Other non-current assets	1,965	(317)	1,648	1,966	(318)	1,648
Other current liabilities	11,390	(2,869)	8,521	9,766	(2,591)	7,175
Other non-current liabilities	-	2,869	2,869	-	2,591	2,591
<b>Statements of comprehensive income</b>						
Gain on exchange rate	2,409	(2,409)	-	2,216	(2,216)	-
Other income	1,486	2,409	3,895	992	2,216	3,208

## 16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issue by the Company's Board of Directors on 11 May 2018.