No. FTE 004/2561

10 August 2018

Subject Management Discussion and Analysis for the second quarter ended 30 June 2018

Attention President
The Stock Exchange of Thailand

Attachment Report and interim financial statement for the second quarter ended 30 June 2018

Firetrade Engineering Public Company Limited ("the Company") would like to report the operating results according to the Company's consolidated financial statements of the Company and its subsidiary for the second quarter ended 30 June 2018 as per the following details:

Unit: million Baht	For 3-month period (Apr-Jun)			
	2018	2017	Change	% Increase (Decrease)
Revenue from sale of goods	156.54	150.90	5.64	3.74
Revenue from project works and services	97.04	64.13	32.91	51.32
Total Revenue from Sale and Services	**253.58**	**215.03**	**38.55**	**17.93**
Cost of sales	105.19	109.36	(4.17)	(3.81)
Cost of project works and services	67.77	47.01	20.76	44.16
Total Costs of Sales and Services	**172.96**	**156.37**	**16.59**	**10.61**
Gross Profit	**80.62**	**58.66**	**21.96**	**37.44**
Other income	1.21	1.03	0.18	17.48
Distribution costs	16.31	15.05	1.26	8.37
Administrative expenses	13.25	10.41	2.84	27.28
Finance costs	0.00	0.72	(0.72)	(100.00)
Tax Expense	10.43	6.28	4.15	66.08
Net Profit - attributable to equity holders of the parent	**41.84**	**27.23**	**14.61**	**53.65**
Gross Profit Margin (%)	31.79	27.28		
Net Profit Margin (%)	16.42	12.60		

Unit: million Baht	For 6-month period (Jan-Jun)			
	2018	2017	Change	% Increase (Decrease)
Revenue from sale of goods	309.90	309.21	0.69	0.22
Revenue from project works and services	164.22	138.54	25.68	18.54
Total Revenue from Sale and Services	**474.12**	**447.75**	**26.37**	**5.89**
Cost of sales	218.18	228.09	(9.91)	(4.34)
Cost of project works and services	128.56	104.21	24.35	23.37
Total Costs of Sales and Services	**346.74**	**332.30**	**14.44**	**4.35**
Gross Profit	**127.38**	**115.45**	**11.93**	**10.33**
Other income	4.82	4.93	(0.11)	(2.23)
Distribution costs	32.00	29.86	2.14	7.17
Administrative expenses	27.06	22.22	4.84	21.78
Finance costs	0.00	1.15	(1.15)	(100.00)
Tax Expense	14.68	12.70	1.98	15.59
Net Profit - attributable to equity holders of the parent	**58.46**	**54.45**	**4.01**	**7.36**
Gross Profit Margin (%)	26.87	25.78		
Net Profit Margin (%)	12.21	12.03		

Remark: 1) Net profit margin is calculated from the net profit attributable to equity holders of the parent on consolidated financial statement.
2) Decimal numbers shown in this management discussion and analysis are likely to be different from the Company's financial statement due to the rounding to 2-digit decimal and unit changed to million baht.

Revenue from Sales and Services

For 3-month period ended 30 June 2018, the Company's revenue from sales and services was THB 253.58 million, increased by THB 38.55 million or equivalent to 17.93 percent increase compared to the same period of last year, and

For 6–month period ended 30 June 2018, the Company's revenue from sales and services was THB 474.12 million, increased by THB 26.37 million or equivalent to 5.89 percent increase compared to the same period of last year.

Revenue from sale of goods was increased compared to the same period of last year due to a growing customer base and gross profit margin.

Revenue from project works and services were increased by THB 25.68 million or equivalent to 18.54 percent increase compared to the same period of last year, from those on-going projects in 2017 and its establishment to obtain more projects in 2018.

Gross Profit and Gross Profit Margin

For 3-month period ended 30 June 2018, the Company's gross profit was THB 80.62 million or equivalent to the gross profit margin of 31.79 percent; whilst in the same period last year, the Company's gross profit was THB 58.66 million or equivalent to the gross profit margin of 27.28 percent.

For 6-month period ended 30 June 2018, the Company's gross profit was THB 127.38 million or equivalent to the gross profit margin of 26.87 percent; whilst in the same period last year, the Company's gross profit was THB 115.45 million or equivalent to the gross profit margin of 25.78 percent.

A higher in gross profit and gross profit margin were a consequence of the fact that the Company earned more revenue as mentioned earlier.

Distribution Costs and Administrative Expenses

For 3-month period ended 30 June 2018, the Company's distribution costs and administrative expenses were THB 29.56 million, increased by THB 4.10 million or up 16.10 percent compared to the same period last year;

For 6-month period ended 30 June 2018, the Company's distribution costs and administrative expenses were THB 59.06 million, increased by THB 6.98 million or up 13.40 percent compared to the same period last year.

Increases in such expenses resulted from rising salesperson and management expenses in order to accommodate the Company's expansion including consulting fee, public relations and so on.

Finance Costs

For 3-month and for 6-month period ended 30 June 2018, the Company has no financial cost due to incoming cash flow from the Initial Public Offering (IPO).

Tax Expense

For 3-month and for 6-month period ended 30 June 2018, income tax expense varied according to the reasons mentioned earlier.

Net Profit and Net Profit Margin

For 3-month period ended 30 June 2018, the Company's net profit attributable to equity holders of the parent was THB 41.84 million which was equal to the net profit margin of 16.42 percent. Whereas, in the same period last year, the Company's net profit attributable to equity holders of the parent was THB 27.23 million which was equal to the net profit margin of 12.60 percent.

For 6-month period ended 30 June 2018, the Company's net profit attributable to equity holders of the parent was THB 58.46 million which was equal to the net profit margin of 12.21 percent. Whilst, in the same period last year, the Company's net profit attributable to equity holders of the parent was THB 54.45 million which was equal to the net profit margin of 12.03 percent.

A growth in net profit of the second quarter was particularly caused by the increase in gross profit as mentioned earlier

Please be informed accordingly,

FIRETRADE
ENGINEERING PUBLIC COMPANY LIMITED

Yours sincerely,

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(Mr. Taksin Tantipijit)
Managing Director
Firetrade Engineering Public Company Limited