

FIRETRADE ENGINEERING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

On 27 April 2020, the Company changed the location of its office from 21/57-58 Soi Soonvijai, Rama 9 Road, Bangkok Sub-distict, Huaykwang District, Bangkok to 1198/5 Rama 9 Road, Phattanakan Sub-district, Suanluang District, 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 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 26 December 2019, 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 requires management to make judgments and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgements and estimates 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 judgements and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consisted of the 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 (%)	
			2020	2019
Fire Inspector Co., Ltd.	Thailand	Sales, installation and provide service of fire protection equipment and systems.	99.99	99.99

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

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

Subsidiary is an entity controlled by the Company. The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that significantly affect the amount of its returns. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates.

However, the Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

Changes in application of new and revised TFRS

New and revised TFRS that became effective in the current year

During the year 2020, the Group has adopted revised TFRS and new TFRS which are effective for the accounting period beginning on or after 1 January 2020. These TFRS were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these TFRS does not have any material impact on the Group’s financial statements. However, the new standards involve changes to key principles, which are summarized belows:

TFRS related to financial instruments

The set of TFRS related to financial instruments consists of five TAS, TFRS and interpretations as follows:

TAS/TFRS/TFRIC	Topic
TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRS related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost taking into account the type of financial instruments, the characteristics of the contractual cash flows and the Group's business model, calculation of impairment of financial instruments using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The effects of the adoption of these accounting standards are described belows:

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables. The Group's management has considered that the recognition of credit losses does not have any material impact.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

These TFRS do not have any material impact on the Group's financial statements.

Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation"

The Federation of Accounting Professions announced Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation". Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to consider forward-looking information for measurement of expected credit losses with simplified approach.

The management of the Group is assessing the impacts on the financial statements after the end of this application of accounting treatment guidance.

Revised TFRS not yet effective

The Federation of Accounting Professions has issued Notification, mandating the use of revised TFRS which are effective for the financial statements for the period beginning on or after 1 January 2021. These TFRS were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group 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 elsewhere 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

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

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Revenue from sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. Sale is measured at the amount of the consideration received or receivable, of goods supplied after deducting returns and discounts, excluding value added tax.

Revenue from project works

Revenue from project works includes the initial amount agreed in the contract plus any variations in project works, claims and incentive payments if revenue is probable incurred and reliable measure. When project works are reliable estimated, revenue and cost of project works are recognised in profit or loss in proportion of the stage of completion of project works.

The stage of completion of project work is estimated by reference to the proportion of project work cost is incurred for work performed up to date and estimate of total project work cost.

If the estimate of project work is unreliable, revenue from project work will be recognised not excess the project work cost is incurred and probably recoverable.

When it is probable that total project work costs will be exceed total revenue from project work, the expected loss of project work will be recognised in profit or loss.

Revenues from service

Service income is recognised when services are rendered.

The part of completed project work, which has not yet been delivered for acceptance and billing, is recorded as contract assets.

The obligation to provide to a customer for which the Group has received from the customer is presented under the caption of contract liability. Contract liabilities are recognised as revenue when the Company and its subsidiaries perform under the contract.

Rental income

Rental income under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Interest income and other income

Interest income

Interest income is recognised in profit or loss using the effective interest rate method.

Other income is recognised on an accrual basis.

Expenses

Finance costs

Borrowing costs directly attributable to the acquisition, construction on 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 costs 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.

Other expenses are recognised on an accrual basis.

Employee benefits

Short-term benefits

The Group recognises salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits – defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefits – defined benefit plan

The employee benefit liabilities in relation to the severance payment under the labor law are recognised as a charge to results of operations over the employee's service year. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service year up to the retirement age in the future years based on the actuarial technique. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When the actuarial assumptions are changed, the Group recognises actuarial gains (losses) immediately in other comprehensive income.

Employee Joint Investment Program ("EJIP")

The Group establishes Employee Joint Investment Program for the Group's employees to buy the Company's shares through EJIP as a defined contribution plan. The assets for which are held in a separate assets and are managed by a licensed agent. Contributions are made by the Group and its employees. The Group's contributions to the Program are charged to the profit or loss for the year to which they relate.

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 and 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 Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 Group 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.

Fair value measurement

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 Group 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 Group 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 Group 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.

Financial instruments

Accounting policy adopted since 1 January 2020

The Group initially measures financial assets at their fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

The classification and measurement of financial assets and financial liabilities

Financial assets as subsequently measured at amortised cost or fair value in accordance with the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

Financial assets measured at amortised cost only if both following conditions are met: the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any).

Financial assets measured at fair value through profit or loss when the financial assets are held within a business model without an objective to hold financial assets in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and are subsequently measured at fair value. Unrealised gains or losses from changes in fair value, and gains or losses on disposals of instruments are recognised in profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on its financial assets which measured at amortised cost, without requiring a credit - impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for expected credit losses.

The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

In determining an allowance for expected credit losses of receivables, the management needs to make judgment for estimated losses for each outstanding debtor. The allowance for expected credit losses are determined through a combination of analysis of collection experience, probability of collection, debt aging, taking into account change in the current economic and assumption including the choice of inputs the forecasted macroeconomic variables in the model. However, the use of different estimates and assumptions could affect the amounts of allowance for expected credit losses and adjustments to the allowance may therefore be required in the future.

Inventories

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

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 obsolete and slow-moving inventories.

Investments in subsidiary

Investments in subsidiary in the separate financial statements are accounted for using the cost method less allowance for impairment (if any).

Investment property

Investment property are land held for capital appreciation but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Land is stated at cost less allowance for impairment (if any).

Property, plant and equipment

Land is stated at cost less allowance for impairment (if any).

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

Subsequent costs

The cost of replacing a part of an item of buildings and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of buildings and equipment are recognised in profit or loss as incurred.

Gains or losses on disposals are determined by comparing the net consideration with the carrying amount and are included in the profit or loss.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of assets as follows:

	Years
Buildings and building improvement	20 and 40
Furniture, fixtures and office equipment	5 and 10
Tools	5
Vehicles	5 and 7

No depreciation is provided on land and assets in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Leases

Accounting policy adopted since 1 January 2020

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

	<u>Years</u>
Buildings	20

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

Accounting policy adopted before 1 January 2020

Operating leases

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

Intangible assets

Intangible assets are software computer, which are amortised and computed by the straight-line method based on the estimated useful lives of the assets for 3 years, 5 years and 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting 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 recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' fair value less cost to sell or 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 amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the statement of financial position when the Group 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.

Estimate installation project costs

The Group estimates costs of each installation projects based on details of the installation design, and calculate quantity and costs of materials, labour and others which used to complete the projects and accompany with determine the trend of changes in those costs. Estimate costs are reviewed regularly and whenever actual costs are significant difference from the estimate costs.

Provision for loss on installation project

Management exercises judgment to estimate the probable loss of each installation project, based on estimates the probable costs by determine progress of installation, actual costs together with changes in costs of materials and labour and current situation.

Provision for penalty from delay delivery

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

Provision for warranty

A provision for warranty is recognised when the goods are sold or services are rendered to the customers. Provision is determined based on historical warranty payment experience couple with a review of the possibility factors on incurrence of such damage.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are converted to Thai Baht at the foreign exchange rates ruling at that date.

Gain or loss on conversion is included in the statement of income.

Dividends

Dividends and interim dividend payments are recorded in the consolidated and separate financial statements in the period in which they are approved by the Shareholders' Meeting or the Board of Directors' Meeting.

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.

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 years, 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 years ended 31 December 2020 and 2019 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Revenues from sales				
Subsidiary	-	-	11,810,590.91	17,468,735.68
Related companies	991,788.00	954,884.06	991,788.00	954,884.06
Revenues from services				
Subsidiary	-	-	3,795,694.70	3,108,533.09
Related companies	-	103,028.83	-	103,028.83

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Dividend income				
Subsidiary	-	-	-	12,999,740.00
Interest income				
Subsidiary	-	-	263,232.86	711,452.06
Other income				
Subsidiary	-	-	644,504.32	372,894.00
Related companies	1,341,948.08	1,297,260.00	1,341,948.08	1,297,260.00
Purchases of goods				
Subsidiary	-	-	4,965,341.63	5,651,730.42
Related companies	849,109.00	706,476.25	831,334.00	667,476.25
Cost of services				
Subsidiary	-	-	-	90.00
Related companies	562,144.28	451,312.55	474,590.58	436,632.91
Other services				
Related companies	2,998,963.34	-	2,998,963.34	-
Distribution costs				
Related company	-	400.00	-	-
Interest expenses				
Related companies	1,628,801.82	-	1,628,801.82	-
Sale of equipment				
Subsidiary	-	-	-	5,593.22
Purchases of equipment				
Related company	6,089.00	7,964.00	6,089.00	7,964.00

Key management personnel compensation

Key management personnel compensation for the years ended 31 December 2020 and 2019 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term benefits	20,899,793.18	20,320,157.84	19,176,071.26	18,535,910.93
Post-employment benefits	3,631,122.50	2,974,518.40	3,293,246.50	2,661,101.40
Total	24,530,915.68	23,294,676.24	22,469,317.76	21,197,012.33

The balances with related parties as at 31 December 2020 and 2019 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade and other receivables				
Fire Inspector Co., Ltd.	-	-	2,220,037.20	5,158,733.94
Safety Factory Co., Ltd.	-	426,175.01	-	426,175.01
S.I. Firetrade Co., Ltd.	24,921.51	50,140.20	24,921.51	50,140.20
Safety Online Co.,Ltd.	403,484.59	30,666.20	403,484.59	30,666.20
Econlite Manufacturing (Thailand) Co., Ltd.	8,951.82	-	8,951.82	-
Investments in subsidiary (see Note 8)	-	-	12,848,835.17	12,848,835.17
Other non-current assets				
Safety Factory Co., Ltd.	1,474,900.00	-	1,474,900.00	-
Trade and other payables				
Fire Inspector Co., Ltd.	-	-	3,786.89	68,768.53
Econlite Manufacturing (Thailand) Co., Ltd.	63,975.82	57,971.79	49,511.89	48,118.99
Safety Online Co., Ltd.	52,859.07	193,296.84	52,243.82	193,296.84
Lease liabilities				
Safety Factory Co., Ltd.	58,838,073.59	-	58,838,073.59	-
Other non-current liabilities				
Fire Inspector Co., Ltd.	-	-	22,000.00	22,000.00
Safety Factory Co., Ltd.	-	26,000.00	-	26,000.00
S.I. Firetrade Co., Ltd.	-	100,000.00	-	100,000.00

Short-term loans to related party

	Baht	
	Separate financial statements	
	2020	2019
Fire Inspector Co., Ltd.	3,000,000.00	10,000,000.00

Movements of short-term loans to related party for the years ended 31 December 2020 and 2019 were as follows:

	Baht	
	Separate financial statements	
	2020	2019
Beginning balance	10,000,000.00	20,000,000.00
Decrease	(7,000,000.00)	(10,000,000.00)
Ending balance	3,000,000.00	10,000,000.00

The Company has short-term loans to related party by issuing promissory notes, due at call, with the interest rate of 4% per annum, without collateral.

Significant contracts

The Company entered into the building lease and service agreements with a related party from 27 April 2020 to 26 April 2023, with rental and service charge at the rate of Baht 0.74 million per month.

Company relationship

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

Bases of measurement for intercompany revenues and expenses

	Pricing Policy
Purchases and sales of goods	Cost plus mutually agreed margin
Purchases and sales of equipment	Cost plus mutually agreed margin
Revenues from services - cost of services	Cost plus mutually agreed margin
Dividend income	As declared
Interest income	Negotiated agreement
Other income	Negotiated agreement
Rental and service expenses	Negotiated agreement
Interest expenses	Interest rate of commercial bank
Guarantees for the Company's credit facilities by directors and directors' assets	No guarantee charge

5. CASH AND CASH EQUIVALENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	60,000.00	60,000.00	50,000.00	50,000.00
Cash at banks	37,236,033.90	116,429,803.27	33,440,774.83	110,599,208.32
Total	37,296,033.90	116,489,803.27	33,490,774.83	110,649,208.32

6. TRADE AND OTHER RECEIVABLES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts receivable	245,037,488.37	203,660,479.58	236,173,342.20	196,491,246.12
Less Allowance for credit losses	(17,120,488.75)	(9,456,168.69)	(16,746,316.85)	(9,420,399.47)
Trade accounts receivable - net	227,916,999.62	194,204,310.89	219,427,025.35	187,070,846.65
Other receivables				
Prepaid expenses	14,152,352.46	8,333,079.26	13,047,720.34	7,820,268.94
Others	5,246,124.64	2,217,681.06	5,098,705.77	2,230,272.87
Total	19,398,477.10	10,550,760.32	18,146,426.11	10,050,541.81
Less Allowance for credit losses	(1,036,700.00)	-	(1,036,700.00)	-
Other receivables - net	18,361,777.10	10,550,760.32	17,109,726.11	10,050,541.81
Trade and other receivable - net	246,278,776.72	204,755,071.21	236,536,751.46	197,121,388.46

Movements in the allowance for credit losses of trade and other receivables were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
As at 1 January	9,456,168.69	8,752,445.31	9,420,399.47	8,712,445.31
Credit losses	7,664,320.06	703,723.38	7,325,917.38	707,954.16
As at 31 December	17,120,488.75	9,456,168.69	16,746,316.85	9,420,399.47

As at 31 December 2020 and 2019, the Group had outstanding balances of trade receivables aged by number of months as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade receivables				
Current	127,383,339.82	115,143,945.44	123,972,422.76	116,630,317.75
Overdue				
Less than or equal to 3 months	70,431,034.91	58,318,443.04	68,235,639.76	50,123,364.68
Over 3 months up to 6 months	25,206,218.90	8,619,837.50	23,887,630.08	8,301,942.64
Over 6 months up to 12 months	7,678,469.09	12,123,949.50	5,886,334.16	12,017,086.17
Over 12 months	14,338,425.65	9,454,304.10	14,191,315.44	9,418,534.88
Total	245,037,488.37	203,660,479.58	236,173,342.20	196,491,246.12

The expected loss rates are based on the payment profiles of sales over a period of the last 3 years.

The information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2020 as follows:

	Thousand Baht					Total
	Consolidated financial statements					
	Trade receivables - days past due					
	Current	> 3 months up		> 6 months up		
		≤ 3 months	to 6 months	to 12 months	> 12months	
Estimated total gross carrying amount						
at default amounts not past due	127,383	70,431	25,206	7,679	14,338	245,037
Lifetime expected credit losses	-	(1,515)	(1,262)	(606)	(13,737)	(17,120)
Total						227,917

	Thousand Baht					
	Separate financial statements					
	Trade receivables - days past due					
		> 3 months up		> 6 months up		
	Current	≤ 3 months	to 6 months	to 12 months	> 12months	Total
Estimated total gross carrying amount						
at default amounts not past due	123,972	68,236	23,888	5,886	14,191	236,173
Lifetime expected credit losses	-	(1,515)	(1,262)	(342)	(13,627)	(16,746)
Total						219,427

7. INVENTORIES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Finished goods	331,646,940.07	300,406,262.16	318,502,512.74	291,650,467.06
Goods in transit	24,443,477.00	20,137,778.83	24,443,477.00	18,467,548.48
Total	356,090,417.07	320,544,040.99	342,945,989.74	310,118,015.54
Less Allowance for devaluation of inventories	(10,015,638.28)	(9,266,389.64)	(9,471,499.08)	(8,747,363.57)
Inventories - net	346,074,778.79	311,277,651.35	333,474,490.66	301,370,651.97
For the years ended 31 December				
Loss on devaluation of inventories	749,248.64	3,487,654.72	724,135.51	3,548,355.58

8. INVESTMENTS IN SUBSIDIARY

	Baht		Percentage of		Baht			
	Paid-up share capital		holding (%)		Cost		Dividend income *	
	2020	2019	2020	2019	2020	2019	2020	2019
Fire Inspector Co., Ltd.	10,000,000.00	10,000,000.00	99.99	99.99	12,848,835.17	12,848,835.17	-	12,999,740.00

Fire Inspector Co., Ltd. has called for paid-up capital from the capital increase by its Extraordinary General Meeting of Shareholders held on 21 February 2019 at 80,000 shares, Baht 100 per share, totalling Baht 8 million, of which were fully received.

* For the years ended 31 December 2020 and 2019

9. INVESTMENT PROPERTY

	Baht	
	Consolidated and Separate financial statements	
	2020	2019
Cost of land	4,241,578.35	4,241,578.35
Less Allowance for impairment	(334,546.00)	(334,546.00)
Investment properties - net	<u>3,907,032.35</u>	<u>3,907,032.35</u>

The Company

The fair value of investment property was determined by the independent appraiser, which has the appraisal value in the amount of Baht 9.98 million for the year 2020 and 2019 (see Note 27), the method used to appraise the property was Market Approach, according to the appraisal reports.

10. LAND AND EQUIPMENT

Baht							
Consolidated financial statements							
	Land	Buildings and building improvement	Furniture, fixtures and office equipment	Tools	Vehicles	Assets in progress	Total
Cost							
As at 1 January 2019	-	-	11,599,950.79	3,723,169.55	14,137,214.95	-	29,460,335.29
Purchases/transfer in	122,703,780.00	-	863,153.56	419,483.76	-	7,006,146.58	130,992,563.90
Disposals/transfer out	-	-	(296,569.14)	-	-	-	(296,569.14)
As at 31 December 2019	122,703,780.00	-	12,166,535.21	4,142,653.31	14,137,214.95	7,006,146.58	160,156,330.05
Purchases/transfer in	-	106,048,819.34	6,630,980.63	382,303.43	2,872,691.59	99,738,531.27	215,673,326.26
Disposals/transfer out	-	-	(1,070,559.84)	(114,145.52)	(1,346,841.12)	(106,744,677.85)	(109,276,224.33)
As at 31 December 2020	122,703,780.00	106,048,819.34	17,726,956.00	4,410,811.22	15,663,065.42	-	266,553,431.98
Accumulated depreciation							
As at 1 January 2019	-	-	8,352,978.02	2,540,386.75	9,418,634.27	-	20,311,999.04
Depreciation	-	-	1,351,812.50	404,801.68	772,537.60	-	2,529,151.78
Disposals/transfer out	-	-	(250,057.76)	-	-	-	(250,057.76)
As at 31 December 2019	-	-	9,454,732.76	2,945,188.43	10,191,171.87	-	22,591,093.06
Depreciation	-	576,757.47	1,745,408.79	449,083.18	718,528.91	-	3,489,778.35
Disposals/transfer out	-	-	(1,032,425.34)	(102,125.10)	(1,286,996.34)	-	(2,421,546.78)
As at 31 December 2020	-	576,757.47	10,167,716.21	3,292,146.51	9,622,704.44	-	23,659,324.63
Book value							
As at 31 December 2019	122,703,780.00	-	2,711,802.45	1,197,464.88	3,946,043.08	7,006,146.58	137,565,236.99
As at 31 December 2020	122,703,780.00	105,472,061.87	7,559,239.79	1,118,664.71	6,040,360.98	-	242,894,107.35

Baht

Separate financial statements

	Land	Buildings and building improvement	Furniture, fixtures and office equipment	Tools	Vehicles	Assets in progress	Total
Cost							
As at 1 January 2019	-	-	11,402,239.27	3,653,296.99	14,137,214.95	-	29,192,751.21
Purchases/transfer in	122,703,780.00	-	863,153.56	385,744.08	-	7,006,146.58	130,958,824.22
Disposals/transfer out	-	-	(302,162.36)	-	-	-	(302,162.36)
As at 31 December 2019	122,703,780.00	-	11,963,230.47	4,039,041.07	14,137,214.95	7,006,146.58	159,849,413.07
Purchases/transfer in	-	106,048,819.34	6,628,280.63	382,303.43	2,872,691.59	99,738,531.27	215,670,626.26
Disposals/transfer out	-	-	(1,065,670.00)	(113,795.52)	(1,346,841.12)	(106,744,677.85)	(109,270,984.49)
As at 31 December 2020	122,703,780.00	106,048,819.34	17,525,841.10	4,307,548.98	15,663,065.42	-	266,249,054.84
Accumulated depreciation							
As at 1 January 2019	-	-	8,208,364.93	2,509,686.62	9,418,634.27	-	20,136,685.82
Depreciation	-	-	1,323,720.59	391,937.08	772,537.60	-	2,488,195.27
Disposals/transfer out	-	-	(250,057.76)	-	-	-	(250,057.76)
As at 31 December 2019	-	-	9,282,027.76	2,901,623.70	10,191,171.87	-	22,374,823.33
Depreciation	-	576,757.47	1,729,649.66	434,263.43	718,528.91	-	3,459,199.47
Disposals/transfer out	-	-	(1,028,423.31)	(101,776.10)	(1,286,996.34)	-	(2,417,195.75)
As at 31 December 2020	-	576,757.47	9,983,254.11	3,234,111.03	9,622,704.44	-	23,416,827.05
Book value							
As at 31 December 2019	122,703,780.00	-	2,681,202.71	1,137,417.37	3,946,043.08	7,006,146.58	137,474,589.74
As at 31 December 2020	122,703,780.00	105,472,061.87	7,542,586.99	1,073,437.95	6,040,360.98	-	242,832,227.79

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation for the years ended 31 December was included in administrative expenses	3,489,778.35	2,529,151.78	3,459,199.47	2,488,195.27
As at 31 December the carrying amount before accumulated depreciation which have been fully depreciated and still in use	16,707,381.30	13,653,598.75	16,522,199.56	13,535,300.93

11. RIGHT-OF-USE ASSETS

	Baht
	Consolidated and Separate financial statements
	Buildings
Cost	
As at 1 January 2020	-
Increase	60,208,235.10
As at 31 December 2020	60,208,235.10
Accumulated depreciation	
As at 1 January 2020	-
Depreciation	2,015,166.31
As at 31 December 2020	2,015,166.31
Net book value	
As at 31 December 2020	58,193,068.79
Depreciation for the year ended 31 December 2020 was included in administrative expenses	2,015,166.31

12. INTANGIBLE ASSETS

	Baht	
	Computer Program	
	Consolidated financial statements	Separate financial statements
Cost		
As at 1 January 2019	6,117,549.89	5,974,470.49
Purchases	11,843,800.65	11,843,800.65
Disposals	(302,121.79)	(302,121.79)
As at 31 December 2019	17,659,228.75	17,516,149.35
Purchases	728,380.05	728,380.05
Disposals	(39,288.16)	(39,288.16)
As at 31 December 2020	18,348,320.64	18,205,241.24
Accumulated amortisation		
As at 1 January 2019	2,384,842.45	2,354,936.19
Amortisation	1,033,128.44	1,018,819.52
Disposals	(179,345.29)	(179,345.29)
As at 31 December 2019	3,238,625.60	3,194,410.42
Amortisation	5,113,629.18	5,099,320.26
Disposals	(39,287.16)	(39,287.16)
As at 31 December 2020	8,312,967.62	8,254,443.52
Net book value		
As at 31 December 2019	14,420,603.15	14,321,738.93
As at 31 December 2020	10,035,353.02	9,950,797.72

13. DEFERRED TAX

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets	15,077,751.47	12,003,687.30	14,080,366.20	11,121,024.35
Deferred tax liabilities	(362,900.61)	(236,677.54)	(362,900.61)	(236,677.54)
Deferred tax assets - net	14,714,850.86	11,767,009.76	13,717,465.59	10,884,346.81

Movements of deferred tax assets and liabilities during the years were as follows:

	Baht					
	Consolidated financial statements					
	1 January 2019	Profit (loss)	31 December 2019	Profit (loss)	Other comprehensive loss	31 December 2020
Deferred tax assets						
Trade and other receivables	1,750,489.05	140,744.67	1,891,233.72	1,740,204.00	-	3,631,437.72
Contract assets	-	-	-	42,870.70	-	42,870.70
Inventories	1,155,746.99	697,530.89	1,853,277.88	149,849.78	-	2,003,127.66
Investment property	66,909.20	-	66,909.20	-	-	66,909.20
Right-of-use assets	-	-	-	129,000.96	-	129,000.96
Intangible assets	-	18,145.16	18,145.16	217,558.66	-	235,703.82
Contract liabilities	3,887,910.90	890,325.08	4,778,235.98	(150,412.80)	-	4,627,823.18
Provisions for employee benefits	2,074,800.80	1,310,597.00	3,385,397.80	904,995.40	(90,014.00)	4,200,379.20
Others	-	10,487.56	10,487.56	130,011.47	-	140,499.03
Total	8,935,856.94	3,067,830.36	12,003,687.30	3,164,078.17	(90,014.00)	15,077,751.47
Deferred tax liabilities						
Equipment	(118,378.10)	(118,299.44)	(236,677.54)	(126,223.07)	-	(362,900.61)
Others	(32,448.04)	32,448.04	-	-	-	-
Total	(150,826.14)	(85,851.40)	(236,677.54)	(126,223.07)	-	(362,900.61)
	Baht					
	Separate financial statements					
	1 January 2019	Profit (loss)	31 December 2019	Profit (loss)	Other comprehensive loss	31 December 2020
Deferred tax assets						
Trade and other receivables	1,742,489.05	141,590.83	1,884,079.88	1,672,523.47	-	3,556,603.35
Contract assets	-	-	-	42,870.70	-	42,870.70
Inventories	1,039,801.59	709,671.12	1,749,472.71	144,827.11	-	1,894,299.82
Investment property	66,909.20	-	66,909.20	-	-	66,909.20
Right-of-use assets	-	-	-	129,000.96	-	129,000.96
Intangible assets	-	18,145.16	18,145.16	217,558.66	-	235,703.82
Contract liabilities	3,221,913.73	940,612.71	4,162,526.44	(126,359.12)	-	4,036,167.32
Provisions for employee benefits	1,979,429.60	1,249,973.80	3,229,403.40	855,593.20	(106,684.60)	3,978,312.00
Others	-	10,487.56	10,487.56	130,011.47	-	140,499.03
Total	8,050,543.17	3,070,481.18	11,121,024.35	3,066,026.45	(106,684.60)	14,080,366.20
Deferred tax liabilities						
Equipment	(118,378.10)	(118,299.44)	(236,677.54)	(126,223.07)	-	(362,900.61)
Others	(32,448.04)	32,448.04	-	-	-	-
Total	(150,826.14)	(85,851.40)	(236,677.54)	(126,223.07)	-	(362,900.61)

14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

	Baht
	Consolidated and Separate financial statements
	2020
Promissory notes	6,151,193.18

Movements of short-term borrowings from financial institutions for the year ended 31 December 2020 were as follows:

	Baht
	Consolidated and Separate financial statements
Beginning balance	-
Increase	12,383,478.55
Decrease	(6,232,285.37)
Ending balance	6,151,193.18

The Group has credit facilities with financial institutions consisted of:

Type	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2020	2019	2020	2019
	Bank overdrafts	1.00	1.00	Fixed deposit
Letter of credit/trust receipt/promissory notes	38.00	38.00	MMR, MLR	MMR, MLR
Letter of guarantee	73.00	73.00	1% - 1.75%	1% - 1.75%
Forward exchange contracts	14.39	14.39	-	-

Bank deposits of the Company and director were used as collateral for the credit facilities with financial institutions and personal guarantee by the directors in the full amount.

15. TRADE AND OTHER PAYABLES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade payables	137,361,762.56	102,259,302.54	136,252,224.80	99,393,951.76
Other payables				
Accrued expenses	18,962,350.32	12,175,062.37	18,241,854.34	11,416,129.85
Payables from purchases of assets	22,649,035.26	9,004,573.55	22,649,035.26	9,004,573.55
Retention payables	11,923,493.96	4,193,486.19	11,923,493.96	4,193,486.19
Others	5,529,468.91	5,727,082.73	5,388,095.37	5,706,569.55
Trade and other payables	196,426,111.01	133,359,507.38	194,454,703.73	129,714,710.90

16. LEASE LIABILITIES

Movements of lease liabilities for the year ended 31 December 2020 were presented belows:

	Baht	
	Consolidated and	Separate
	financial statements	
As at 1 January 2020		-
Additions		60,208,235.10
Payments		(1,370,161.51)
As at 31 December 2020		58,838,073.59
Less Current portion		(2,050,588.20)
Lease liabilities		56,787,485.39

The lease agreement expenses recognised in profit or loss for the year ended 31 December 2020 consisted of:

	Baht	
	Consolidated and	Separate
	financial statements	
Depreciation of righth-of-use assets		2,015,166.31
Interest expense on lease liabilities		1,628,801.82
Expenses relating to lease of low value assets		3,433,600.00
Total		7,077,568.13

The Group entered into the office lease agreement for use in its operations. Lease terms together with periods covered by an option to extend the lease is reasonably certain to exercise that option, with the terms of the contracts approximately 20 years.

As at 31 December 2020, the Group has the future minimum lease payments required under the lease agreements as follows:

Year	Baht		
	Consolidated and Separate financial statements		
	Present value	Deferred interest	Minimum lease payment
1	2,050,588.20	2,374,111.80	4,424,700.00
2 - 5	9,095,621.37	8,603,178.63	17,698,800.00
Over 5 years	47,691,864.02	15,360,110.90	63,051,974.92
Total	58,838,073.59	26,337,401.33	85,175,474.92

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 3 million in the consolidated financial statements and separate financial statements.

17. PROVISIONS FOR EMPLOYEE BENEFITS

Movements of the present value of provisions employee benefits for the years ended 31 December 2020 and 2019 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Post-employment benefit plan				
Beginning balance as at 1 January	16,926,989.00	10,374,004.00	16,147,017.00	9,897,148.00
Included in profit or loss :				
Current service cost	4,061,313.00	2,793,456.00	3,837,154.00	2,684,892.00
Interest cost	463,664.00	360,648.00	440,812.00	343,496.00
Past service cost	-	3,398,881.00	-	3,221,481.00
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	5,227,437.00	-	4,936,922.00	-
Financial assumptions changes	(1,354,456.00)	-	(1,276,134.00)	-
Experience adjustments	(4,323,051.00)	-	(4,194,211.00)	-
Ending balance as at 31 December	21,001,896.00	16,926,989.00	19,891,560.00	16,147,017.00

As at 31 December 2020 and 2019, the weighted average duration of the liabilities for post-employment benefits in the consolidated and separate financial statements is approximately 15.77 years and 12.87 years, respectively.

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2020 and 2019 are summarized belows:

	Baht			
	2020			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1 percent movement)	(2,755,403.00)	3,326,083.00	(2,597,103.00)	3,137,868.00
Salary increase rate (1 percent movement)	2,912,755.00	(2,486,613.00)	2,744,216.00	(2,340,450.00)
Turnover rate (1 percent movement)	(2,934,908.00)	1,625,725.00	(2,766,832.00)	1,540,717.00
	Baht			
	2019			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1 percent movement)	(2,101,010.00)	2,506,582.00	(1,986,366.00)	2,369,306.00
Salary increase rate (1 percent movement)	2,703,760.00	(2,285,082.00)	2,555,665.00	(2,160,785.00)
Turnover rate (1 percent movement)	(2,292,950.00)	1,196,805.00	(2,166,937.00)	1,126,440.00

The principal assumptions used in determining provisions for retirement benefits on an actuarial basis as at 31 December 2020 and 2019 (expressed as weighted averages) are shown belows:

	2020	
	Consolidated financial statements	Separate financial statements
Discount rate	1.47%, 1.62%	1.47%
Salary increase rate	6%	6%
Turnover rate	0% - 28%	0% - 28%
	2019	
	Consolidated financial statements	Separate financial statements
Discount rate	2.73%, 2.93%	2.73%
Salary increase rate	8%	8%
Turnover rate	0% - 33%	0% - 33%

The Group made define benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates, such as employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days of the last month salary.

18. SHARE PREMIUM

Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

19. LEGAL RESERVE

According to the Public Limited Companies Act, the Company is required to set aside as a statutory reserve of at least 5% of its net profit for the year less the deficit brought forward (if any) until the reserve reaches 10% of the registered share capital.

20. DIVIDEND PAYMENT

The Company

The Board of Directors' Meeting held on 1 March 2020, a resolution was passed to propose for approval by the Ordinary General Meeting of Shareholders, to pay dividends at the rate of Baht 0.09 per share, in the total amount of Baht 54 million. Subsequently, the Board of Directors' Meeting held on 30 March 2020, a resolution was passed to postpone the Ordinary General Meeting of Shareholders for the year 2020, since the Company was unable to arrange the Ordinary General Meeting of Shareholders according to the Coronavirus disease 2019 pandemic and a resolution was passed to pay the interim dividend at the rate of Baht 0.09 per share, in the total amount of Baht 54 million, instead of the annual dividend as the Board of Directors will propose to the Ordinary General Meeting of Shareholders for approval. The interim dividend was proposed to the Ordinary General Meeting of Shareholders, which was held on 24 September 2020, for acknowledgement.

The Board of Directors' Meeting held on 14 August 2020, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 0.02 per share, in the total amount of Baht 12 million.

The Ordinary General Meeting of Shareholders held on 28 March 2019, a resolution was passed authorizing the payment of dividend at the rate of Baht 0.11 per share, in the total amount of Baht 66 million.

The Board of Directors' Meeting held on 8 August 2019, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 0.07 per share, in the total amount of Baht 42 million.

The Subsidiary

The Board of Directors' Meeting held on 27 May 2019, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 50 per share, in the total amount of Baht 5 million.

The Board of Directors' Meeting held on 21 November 2019, a resolution was passed authorizing the payment of interim dividend at the rate of Baht 80 per share, in the total amount of Baht 8 million.

21. PROVIDENT FUND

The Group 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 Group. The Fund is managed by BBL Asset Management Co., Ltd. This Fund is registered under the conditions of Ministry of Finance and the fund is managed by the approved fund manager. In 2020, the Group paid contribution to the Fund in the amount of Baht 2.38 million (2019: Baht 2.14 million) in the consolidated financial statements and Baht 2.22 million (2019: Baht 2 million) in the separate financial statements.

22. EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

On 13 September 2018, The Company received the approval of Employee Joint Investment Program (“EJIP”) from Securities and Exchange Commission. EJIP is an investment program for accumulative buying of the Company’s shares on a periodic basis by the employees of the Company and its subsidiary, established to serve as another mean of compensating the Company and subsidiary’s employees and effective for the period from October 2018 to September 2021. Total expense recognised for the program for the year ended 31 December 2020 amounted to Baht 1.66 million (2019: Baht 1.56 million) in the consolidated financial statements and amounted to Baht 1.55 million (2019: Baht 1.46 million) in the separate financial statements.

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2020 and 2019 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Purchases of merchandise	547,262,532.05	666,564,995.59	531,940,957.61	650,393,204.21
Changes in merchandise	(31,289,162.11)	(64,038,046.51)	(26,900,529.88)	(68,409,312.62)
Employee expenses	132,760,323.06	132,880,473.22	127,747,353.96	127,716,427.05
Contractor charges	110,446,726.57	101,315,554.37	106,277,594.18	94,068,104.73
Rental and office service charges	8,732,654.33	7,561,670.81	8,723,191.63	7,534,370.85
Transportation - out expenses	6,925,404.98	7,270,186.09	6,658,525.45	6,906,762.67
Depreciation and amortization expenses	10,618,573.84	3,562,280.22	10,573,686.04	3,507,014.79

24. INCOME TAX

Tax expense recognised in profit or loss for the years ended 31 December 2020 and 2019 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current tax				
Current year	17,956,557.72	30,672,764.49	15,736,192.38	25,660,959.28
Deferred tax				
Movements in temporary differences	(3,037,855.10)	(2,981,978.96)	(2,939,803.38)	(2,984,629.78)
Tax expense	14,918,702.62	27,690,785.53	12,796,389.00	22,676,329.50

Tax recognised in other comprehensive income for the years ended 31 December 2020 and 2019 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Provisions for employee benefits	90,014.00	-	106,684.60	-

Reconciliation of effective tax rate

	Consolidated financial statements			
	2020		2019	
	Tax rate (%)	Baht	Tax rate (%)	Baht
Profit before income tax		75,450,193.55		142,293,353.31
Income tax using the corporate tax rate	20	15,090,038.71	20	28,458,670.66
Revenues treated as revenues for tax purposes		1,491,819.61		1,782,841.25
Expenses not deductible for tax purposes		3,547,863.71		2,321,597.65
Revenues granted income tax exemption		(1,616,982.83)		(846,552.00)
Addition expenses deductible for tax purposes		(478,304.55)		(1,098,537.49)
Effects of elimination entries on consolidation		(77,876.93)		54,744.42
Current tax	24	17,956,557.72	22	30,672,764.49
Movement in temporary differences		(3,037,855.10)		(2,981,978.96)
Tax expense	20	14,918,702.62	19	27,690,785.53

	Separate financial statements			
	2020		2019	
	Tax rate		Tax rate	
	(%)	Baht	(%)	Baht
Profit before income tax		64,459,717.18		130,525,751.31
Income tax using the corporate tax rate	20	12,891,943.44	20	26,105,150.26
Revenues treated as revenues for tax purposes		1,298,765.29		1,626,677.66
Expenses not deductible for tax purposes		3,423,293.03		2,268,110.85
Revenues granted income tax exemption		(1,399,874.83)		(3,240,812.00)
Addition expenses deductible for tax purposes		(477,934.55)		(1,098,167.49)
Current tax	25	15,736,192.38	20	25,660,959.28
Movement in temporary differences		(2,939,803.38)		(2,984,629.78)
Tax expense	20	12,796,389.00	17	22,676,329.50

25. 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 sales of fire protection equipment and systems and project works and services (design, installation, repair and maintenance of fire protection systems). Its 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 years ended 31 December 2020 and 2019 were as follows:

	Baht					
	From sales		From project works and services		Total	
	2020	2019	2020	2019	2020	2019
Revenues	569,362,310.27	689,156,611.19	337,842,099.74	336,700,622.73	907,204,410.01	1,025,857,233.92
Cost	(403,495,963.29)	(489,492,150.26)	(278,998,211.33)	(263,696,311.54)	(682,494,174.62)	(753,188,461.80)
Gross profit	165,866,346.98	199,664,460.93	58,843,888.41	73,004,311.19	224,710,235.39	272,668,772.12

26. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial instruments, as defined under Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosure", principally comprise cash and cash equivalents, trade and other receivables, contract assets, short-term loans, trade and other payables, short-term borrowings and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described belows:

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group does not have significant concentration of credit risk. The Group's management manages the risk by adopting credit control policies and procedures. Therefore, the Group does not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for expected credit losses as stated in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Group incurring a financial loss.

The Group manages liquidity risk through monitoring and planning of its cash flows, including the arrangement of credit facilities with financial institutions, in order to ensure that it will have sufficient funds for its operations.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows, are as follows:

	Thousand Baht					Total
	Consolidated financial statements as at 31 December 2020					
	On demand	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Non-derivative financial liabilities						
Short-term borrowings						
from financial institutions	-	6,151	-	-	-	6,151
Trade and other payables	-	192,636	-	-	-	192,636
Lease liabilities	-	4,424	17,699	63,052	-	85,175

	Thousand Baht					Total
	Separate financial statements as at 31 December 2020					
	On demand	Within		Over	No	
		1 year	1 - 5 years	5 years	maturity	
Non-derivative financial liabilities						
Short-term borrowings						
from financial institutions	-	6,151	-	-	-	6,151
Trade and other payables	-	190,729	-	-	-	190,729
Lease liabilities	-	4,424	17,699	63,052	-	85,175

Market risk

Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and financial 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 financial liabilities of the Group are floating rates, which are based on market rates such as the interest rate for the outstanding clients of commercial banks, savings/ fixed deposit interest rate or other benchmark floating rates.

Significant financial assets and financial liabilities as at 31 December 2020 classified by type of interest rates are summarised in the table belows, with those financial assets and financial liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Thousand Baht						Interest Rate (%)
	Consolidated financial statements as at 31 December 2020						
	Floating Interest Rate	Fixed Interest Rate			Non-interest Bearing	Total	
		Remaining Period before Contract					
		Maturity or Repricing Date					
	Under 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	36,875	-	-	-	421	37,296	0.1% - 0.125%
Trade and other receivables	-	-	-	-	229,137	229,137	-
Contract assets	-	-	-	-	60,287	60,287	-
Deposits at financial institutions							
under pledge	4,300	-	-	-	-	4,300	0.4%
Financial liabilities							
Short-term borrowings							
from financial institutions	6,151	-	-	-	-	6,151	4.20% - 5.25%
Trade and other payables	-	-	-	-	193,338	193,338	-
Lease liabilities	-	2,050	9,096	47,692	-	58,838	4.1%

Thousand Baht

Separate financial statements as at 31 December 2020							
Fixed Interest Rate							
Remaining Period before Contract							
Maturity or Repricing Date							
Floating	Under	Over		Non-interest	Total	Interest Rate (%)	
Interest Rate	1 year	1 - 5 years	5 years	Bearing			
Financial assets							
Cash and cash equivalents	33,226	-	-	-	265	33,491	0.1% - 0.125%
Trade and other receivables	-	-	-	-	220,661	220,661	-
Contract assets	-	-	-	-	52,574	52,574	-
Short-term loans to related party	-	-	3,000	-	-	3,000	4%
Deposits at financial institutions							
under pledge	4,300	-	-	-	-	4,300	0.4%
Financial liabilities							
Short-term borrowings							
from financial institutions	6,151	-	-	-	-	6,151	4.20% - 5.25%
Trade and other payables	-	-	-	-	191,431	191,431	-
Lease liabilities	-	2,050	9,096	47,692	-	58,838	4.1%

Foreign currency risk

The Group's exposure to foreign currency risk arised mainly from trade payables that are denominated in foreign currencies.

The significant balances of financial liabilities denominated in foreign currencies as at 31 December 2020 and 2019 are summarised belows:

Foreign currency	Financial liabilities		Average exchange rates	
	2020	2019	2020	2019
			(Baht per 1 foreign currency unit)	
United States Dollar	2,578,479.65	1,707,894.15	30.2068	30.3313
Singapore Dollar	46,025.00	42,875.20	22.9540	22.5935
Euro	66,506.00	-	37.2578	-
Pound Sterling	55,070.00	-	41.0771	-

The Group has outstanding forward exchange contracts as follows:

As at 31 December 2020

Bought amount	Sold amount	Contractual exchange rate	Value date
(Baht per 1 foreign currency unit)			

The Company

USD 1.52 million	Baht 46.39 million	30.0450 – 31.1720	January - April 2021
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As at 31 December 2019

Bought amount	Sold amount	Contractual exchange rate	Value date
(Baht per 1 foreign currency unit)			
The Company			
USD 1 million	Baht 30.20 million	30.1380 – 30.2500	January - March 2020
SGD 0.04 million	Baht 0.96 million	22.3400	January 2020

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2020, the carrying value and fair value of financial liabilities were as follows:

	Baht	
	Consolidated and Separate financial statements	
	Fair value through profit or loss	Fair value
Financial liabilities		
Forward bought contracts	702,495.13	702,495.13

Most of financial assets are cash and cash equivalents, trade and other receivables, contract assets and most of the financial liabilities are trade and other payables which are short-term. For short-term loans to related party, deposits at financial institutions under pledge, lease liabilities and borrowings carrying interest approximate to the market rate. Their fair values are not expected to be materially different from the carrying amounts presented in the statements of financial position.

27. FAIR VALUE HIERARCHY

As at 31 December 2020 and 2019, the Company had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

	Baht			
	2020			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Forward bought contracts	-	(702,492.13)	-	(702,492.13)
Assets for which fair value are disclosed				
Investment property	-	9,979,000.00	-	9,979,000.00

	Baht			
	2019			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Forward bought contracts	-	(52,437.82)	-	(52,437.82)
Assets for which fair value are disclosed				
Investment property	-	9,979,000.00	-	9,979,000.00

Valuation techniques and inputs to Level 2 valuation

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 years, there were no transfers within the fair value hierarchy.

28. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2020 the Group had commitments as follows:

The Company

28.1 Letters of guarantee issued by banks for goods and installation of system service agreement in the amount of Baht 63.03 million.

28.2 Payments under office service agreements with other companies and related company and payments under warehouse rental agreements with other companies as follows:

Period	Rental and service (Thousand Baht)
1 year	4,749
2 - 5 years	5,850

28.3 Payment under service agreements in the amount of Baht 66.69 million.

28.4 Letter of credit for goods in the amount of USD 328,400.94.

The Subsidiary

28.5 Letters of guarantee issued by banks for goods and installation of system service agreement in the amount of Baht 0.06 million.

28.6 Payment under service agreements in the amount of Baht 0.45 million.

29. RECLASSIFICATION

The Group has reclassified certain accounts in the financial statements for the year ended 31 December 2019 to conform with the presentation of the financial statements of this year which consisted of:

	Baht		
	Consolidated financial statements		
	Before		After
	Reclassification	Reclassification	Reclassification
Statements of financial position			
Trade and other receivables	203,299,604.38	1,455,466.83	204,755,071.21
Contract assets	-	113,202,887.19	113,202,887.19
Unbilled receivables	112,997,447.19	(112,997,447.19)	-
Other current assets	2,703,492.88	(1,660,906.83)	1,042,586.05
Trade and other payables	166,339,674.60	(32,980,167.22)	133,359,507.38
Contract liabilities	-	36,951,337.32	36,951,337.32
Other current liabilities	3,971,170.10	(3,971,170.10)	-
Statements of comprehensive income			
Administrative expenses	66,239,393.15	(703,723.38)	65,535,669.77
Impairment loss from financial assets	-	703,723.38	703,723.38
	Baht		
	Separate financial statements		
	Before		After
	Reclassification	Reclassification	Reclassification
Statements of financial position			
Trade and other receivables	195,759,056.45	1,362,332.01	197,121,388.46
Contract assets	-	101,422,681.33	101,422,681.33
Unbilled receivables	101,217,241.33	(101,217,241.33)	-
Other current assets	2,610,358.06	(1,567,772.01)	1,042,586.05
Trade and other payables	159,618,127.00	(29,903,413.30)	129,714,713.70
Contract liabilities	-	33,857,733.22	33,857,733.22
Other current liabilities	3,954,316.92	(3,954,316.92)	-
Statements of comprehensive income			
Administrative expenses	65,432,986.96	(707,954.16)	64,725,032.80
Impairment loss from financial assets	-	707,954.16	707,954.16

30 EVENT AFTER THE REPORTING PERIOD

The Company

The Board of Directors' Meeting held on 25 February 2021, passed resolution to propose for approval at the Ordinary General Meeting of Shareholders, to pay dividends at the rate of Baht 0.04 per share, in the total amount of Baht 24 million.

31 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on 25 February 2021.