

23 February 2018

Subject: Management Discussion & Analysis for the year ending 31 December 2017

To: The President  
 The Stock Exchange of Thailand

Harn Engineering Solutions Public Company ("The Company") would like to provide information on the Company's operating results for the year ending 31 December 2017 duly examined by the auditor, as follows:

| (Unit: Million Baht)             | Y2017           | Y2016         | Increase<br>(Decrease) | % Change      |
|----------------------------------|-----------------|---------------|------------------------|---------------|
| Revenues from sales and services | 1,285.96        | 645.52        | 640.44                 | 99.21         |
| Other revenues                   | 14.74           | 17.20         | (2.46)                 | (14.30)       |
| <b>Total revenues</b>            | <b>1,300.70</b> | <b>662.72</b> | <b>637.98</b>          | <b>96.27</b>  |
| Costs of sales and services      | 905.04          | 487.61        | 417.43                 | 85.61         |
| Selling expenses                 | 89.37           | 36.62         | 52.75                  | 144.05        |
| Administrative expenses          | 145.16          | 87.75         | 57.41                  | 65.42         |
| Finance costs                    | -               | 0.02          | (0.02)                 | -             |
| <b>Profit before income tax</b>  | <b>161.13</b>   | <b>50.72</b>  | <b>110.41</b>          | <b>217.69</b> |
| Income tax                       | 31.45           | 10.19         | 21.26                  | 208.64        |
| <b>Net profit</b>                | <b>129.68</b>   | <b>40.53</b>  | <b>89.15</b>           | <b>219.94</b> |
| Gross profit margin (%)          | 29.62%          | 24.46%        |                        |               |
| Net profit margin (%)            | 9.97%           | 6.12%         |                        |               |

In year 2017, the Company recorded revenues from sales and services of Baht 1,285.96 million, increasing by Baht 640.44 million or 99.21% from the same previous period of Baht 645.52 million. Due to the full revenue recognition from the business obtained from Chilmatch Co.,Ltd. and its subsidiary. Another reason is the increasing revenue of the Fire protection systems and projects, Air-conditioning and Sanitary products division.

The segment information of revenues from sales and services.

| (Unit: Million Baht)                   | Y2017           | Y2016         |
|--|-----------------|---------------|
| Fire protection systems and projects   | 579.55          | 546.09        |
| Air-conditioning and sanitary products | 86.18           | 48.53         |
| Refrigeration systems                  | 312.50          | 23.97         |
| Digital printing systems               | <u>307.73</u>   | <u>26.93</u>  |
|  | <u>1,285.96</u> | <u>645.52</u> |

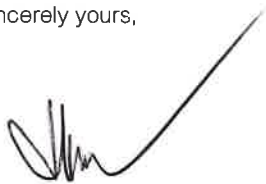
The segment information of gross profit.

| (Unit: Million Baht)                   | Y2017         | %            | Y2016         | %            |
|--|---------------|--------------|---------------|--------------|
| Fire protection systems and projects   | 142.59        | 24.60        | 126.22        | 23.11        |
| Air-conditioning and sanitary products | 22.25         | 25.82        | 14.36         | 29.58        |
| Refrigeration systems                  | 96.23         | 30.79        | 7.47          | 31.16        |
| Digital printing systems               | <u>119.85</u> | <u>38.95</u> | <u>9.86</u>   | <u>36.61</u> |
|  | <u>380.92</u> | <u>29.62</u> | <u>157.91</u> | <u>24.46</u> |

Net profit of year 2017, Baht 129.68 million increased Baht 89.15 million or 219.96% in the same period of 2016, Baht 40.53 million.

Year 2017, more expenses are increased, the selling expenses increased Baht 52.75 million and the administrative expenses increased Baht 57.41 million. The main reasons of increase are expenses for new business units: the refrigeration systems and the digital printing systems that the Company had received from the entire business transfer.

Sincerely yours,



(Mr. Wirat Sukchai)

Chief Executive Officer