

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2018**

## **AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To The Shareholders and Board of Directors of  
Harn Engineering Solutions Public Company Limited

I have reviewed the accompanying statement of financial position of Harn Engineering Solutions Public Company Limited as at June 30, 2018 and the related statement of comprehensive income for the three-month and six-month periods ended June 30, 2018, changes in shareholders’ equity and cash flows for the six-month period then ended June 30, 2018, and the condensed notes to financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

### **SCOPE OF REVIEW**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **CONCLUSION**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”.

(Mr. Thanawut Piboonsawat)  
Certified Public Accountant  
Registration No. 6699

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
August 9, 2018

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2018**

**ASSETS**

		Thousand Baht	
		As at June	As at December
	Note	30, 2018	31, 2017
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		30,016	41,956
Temporary investments	5	181,043	199,119
Trade and other receivables	6	326,144	274,841
Current portion of finance lease receivables	7	9,747	8,783
Unbilled receivables		4,274	11,877
Inventories	8	306,595	291,266
Other current assets		372	910
<b>TOTAL CURRENT ASSETS</b>		<b>858,191</b>	<b>828,752</b>
<b>NON-CURRENT ASSETS</b>			
General investment		242	242
Long-term finance lease receivables	7	15,268	10,473
Property and equipment	9	150,471	150,468
Goodwill	10	334,672	334,672
Customer relationship	11	80,693	88,082
Intangible assets	12	25,495	27,301
Other non-current assets		19,338	17,352
<b>TOTAL NON-CURRENT ASSETS</b>		<b>626,179</b>	<b>628,590</b>
<b>TOTAL ASSETS</b>		<b>1,484,370</b>	<b>1,457,342</b>

Notes to the interim financial statements form an integral part of these statements

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT JUNE 30, 2018**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Thousand Baht	
		As at June	As at December
	Note	30, 2018	31, 2017
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	223,282	174,475
Income tax payable		15,759	17,474
Short-term provisions		144	-
Other current liabilities		5,242	5,817
<b>TOTAL CURRENT LIABILITIES</b>		<b>244,427</b>	<b>197,766</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		10,336	13,455
Employee's benefit obligations		15,784	14,898
Other non-current liabilities		18,588	16,547
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>44,708</b>	<b>44,900</b>
<b>TOTAL LIABILITIES</b>		<b>289,135</b>	<b>242,666</b>

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT JUNE 30, 2018**

**LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

	Thousand Baht	
	As at June	As at December
Note	30, 2018	31, 2017
<b>SHAREHOLDERS' EQUITY</b>		
Share capital		
Authorized share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250	292,250
Issued and paid-up share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250	292,250
Premium on ordinary shares	776,416	776,416
Retained earnings		
Appropriated		
Legal reserve	20,351	20,351
Unappropriated	106,218	125,659
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,195,235</b>	<b>1,214,676</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,484,370</b>	<b>1,457,342</b>

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018**

		Thousand Baht	
	Note	2018	2017
Revenues			
Revenues from sales		309,689	292,630
Revenue from rendering of services		47,361	35,637
Other income		2,070	3,120
Total revenues		<u>359,120</u>	<u>331,387</u>
Expenses			
Cost of sales		212,299	201,796
Cost of rendering of services		36,747	33,447
Selling expenses		29,075	25,384
Administrative expenses		38,884	31,845
Total expenses		<u>317,005</u>	<u>292,472</u>
Profit before income tax expenses		42,115	38,915
Income tax expenses		8,333	7,908
Profit for the period		<u>33,782</u>	<u>31,007</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>33,782</u></u>	<u><u>31,007</u></u>
Earnings per share	16		
Basic earning per share (Baht per share)		<u>0.06</u>	<u>0.05</u>
Weighted average number of ordinary shares (thousand shares)		<u>584,500</u>	<u>584,500</u>

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (CONT.)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

		Thousand Baht	
	Note	2018	2017
Revenues			
Revenues from sales		590,337	562,021
Revenue from rendering of services		77,372	59,048
Other income		5,771	8,153
Total revenues		673,480	629,222
Expenses			
Cost of sales		402,949	394,177
Cost of rendering of services		66,353	53,633
Selling expenses		53,793	47,947
Administrative expenses		72,642	63,522
Total expenses		595,737	559,279
Profit before income tax expenses		77,743	69,943
Income tax expenses		15,354	12,831
Profit for the period		62,389	57,112
Other comprehensive income for the period		-	-
Total comprehensive income for the period		62,389	57,112
Earnings per share	16		
Basic earning per share (Baht per share)		0.11	0.10
Weighted average number of ordinary shares (thousand shares)		584,500	584,500

Notes to the interim financial statements form an integral part of these statements

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

Thousand Baht					
	Issued and	Premium	Retained earnings		Total
	paid-up	on	Appropriated	Unappropriated	shareholders'
Note	share capital	ordinary shares	legal reserve		equity
Beginning balance as at January 1, 2017	292,250	776,416	13,867	55,106	1,137,639
Dividend	-	-	-	(52,605)	(52,605)
Total comprehensive income for the period	-	-	-	57,112	57,112
Ending balance as at June 30, 2017	292,250	776,416	13,867	59,613	1,142,146
Beginning balance as at January 1, 2018	292,250	776,416	20,351	125,659	1,214,676
Dividend	-	-	-	(81,830)	(81,830)
Total comprehensive income for the period	-	-	-	62,389	62,389
Ending balance as at June 30, 2018	292,250	776,416	20,351	106,218	1,195,235

Notes to the interim financial statements form an integral part of these statements



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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

	Baht	
	2018	2017
Cash flows from operating activities		
Profit for the period	62,389	57,112
Adjustment to reconcile profit (loss) for the period to net cash provided by (used in) operating activities :		
Bad debt and allowance for doubtful account (reversal)	2,168	(878)
Depreciation and amortization	8,077	7,803
Amortization of customer relationship	7,389	7,389
Loss on devaluation of inventories	3,675	2,919
(Gain) loss on disposals of fixed assets	(436)	443
Unrealized (gain) loss on exchange rate	(1,590)	928
(Gain) loss on disposals of investment	(1,019)	(1,833)
Unrealized (gain) loss on revaluation of temporary investments	2,693	726
Interest income	(46)	(40)
Dividend income	-	(560)
Employee's benefit expenses	886	826
Income tax expense	15,354	12,831
Profit from operating before changes in operating assets and liabilities		
(Increase) decrease in operating assets	99,540	87,666
Trade and other receivables	(53,448)	22,723
Finance lease receivables	(5,758)	3,198
Unbilled receivables	7,603	(12,555)
Inventories	(20,706)	(55,477)
Other current assets	537	461
Other non-current assets	(1,986)	(261)
Increase (decrease) in operating liabilities		
Trade and other payables	54,037	25,840
Short-term provisions	144	760
Other current liabilities	(575)	(530)
Employee's benefit obligations	-	(1,901)
Other non-current liabilities	2,041	124
Cash received (paid) from operating	81,429	70,048
Income tax paid	(20,189)	(14,265)
Net cash provided by (used in) operating activities	61,240	55,783

Notes to the interim financial statements form an integral part of these statements

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONT.)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

	Baht	
	2018	2017
Cash flows from investing activities		
Cash receipts from redemption of temporary investments	230,402	263,675
Cash payments for purchase of temporary investment	(214,000)	(271,634)
Cash receipts from disposal of equipment	2,266	439
Cash payments for purchase of equipment	(6,192)	(924)
Cash payments for purchases of intangible assets	(3,872)	(828)
Interest received	46	40
Dividends received	-	560
Net cash provided by (used in) investing activities	<u>8,650</u>	<u>(8,672)</u>
Cash flows from financing activities		
Dividend paid	(81,830)	(52,605)
Net cash provided by (used in) financing activities	<u>(81,830)</u>	<u>(52,605)</u>
Net increase (decrease) in cash and cash equivalents	(11,940)	(5,494)
Cash and cash equivalents at beginning of period	41,956	35,866
Cash and cash equivalents at end of period	<u><u>30,016</u></u>	<u><u>30,372</u></u>
Supplementaly disclosures of cash flows information :		
Non-Cash transaction		
Liabilities incurred from acquisition of fixed assets and intangible assets		
Liabilities incurred from acquisition of fixed assets		
and intangible assets as at January 1,	4,045	670
Inventories transferred to fixed asset	(2,348)	(3,572)
<u>Add</u> Purchases of fixed assets and intangible assets	8,749	4,733
<u>Less</u> Cash payments	<u>(10,064)</u>	<u>(1,752)</u>
Liabilities incurred from acquisition of		
fixed assets and intangible assets as at June 30,	<u><u>382</u></u>	<u><u>79</u></u>

Notes to the interim financial statements form an integral part of these statements

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2018**

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited company on May 9, 2001.

The Company has changed its status to be public company limited for trading their shares on the Stock Exchange of Thailand on May 22, 2014.

The addresses of its registered head office are as follows:

Locate at : 19/20-22 Soi Soonvijai, Rama 9 Road, Bangkapi, Huaykwang, Bangkok 10310, Thailand.

(b) Nature of the Company's operations

The principal business is involved in wholesaling, retailing, and repairing, renting, leasing, contracting and installation services of fire protection system and fire suppression agent, trading cold storage devices, trading, repairing and renting of printing equipment.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2017) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2017.

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the financial statements in Thai language version.

2.2 Thai Financial Reporting Standards that become effective in the current year

The Company have adopted the revised 2017 Thai Financial Reporting Standards issued by the Federation of Accounting Professions which become effective for the fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. These financial reporting standards do not have any significant impact on the Company and its subsidiaries' financial statements.

2.3 Financial reporting standard that will become effective in the future

During 2018, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after January 1, 2019. Key principles of this standard is revenue recognition will replace the following standards and interpretations as follows:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmer
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

TFRS 15 entities are 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 an entity 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.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company prepared the interim financial statements with the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2017.

4. RELATED PARTY TRANSACTIONS

The Company had transactions with related parties. These parties were related through common shareholders and/or directorships or close member of family. The significant transactions with related parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

Types of relationship of related parties were as follows :

Company/Person name	Country/		Relationship
	Nationality	Related	
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Mr. Jain Charnnarong	Thai	Related person	Shareholder and close member of the director's family
Mrs. Sirima Iamsakulrat	Thai	Related person	Shareholder and close member of the director's family
Key management personnel	Thai	Related person	Authorized person and responsible in management

Bases of measurement for intercompany revenues and expenses

	Pricing Policy
Purchase of goods	Market price
Purchase and sale of equipment and intangible asset	Contractually agreed prices
Other income	Contractually agreed prices
Rental and service expenses	Contractually agreed prices
Compensation to management	As approved by director and / or shareholder

Significant agreements with related parties

The Company entered into office building rental agreement as follows :

As at June 30, 2018			
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Mr. Jain Charnnarong	3 years	53,100
	Harn Engineering Co., Ltd.	3 years	498,996
Warehouse rental agreement	Mrs. Sirima Iamsakulrat	3 years	280,900

Balances with the related parties as at June 30, 2018 and December 31, 2017 consisted of :

	Thousand Baht	
	As at June 30, 2018	As at December 31, 2017
Trade and other receivables		
Harn Engineering Co., Ltd.	2,336	2,360

Transactions for the three-month and six-month periods ended June 30, 2018 and 2017 with related parties were summarized as follows :

	Thousand Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2018	2017	2018	2017
Purchase of equipments				
Harn Engineering Co., Ltd.	-	-	285	-
Office rental and service expenses				
Harn Engineering Co., Ltd.	1,497	1,497	2,994	2,994
Mr. Jain Charnnarong	159	160	318	319
	<u>1,656</u>	<u>1,657</u>	<u>3,312</u>	<u>3,313</u>
Warehouse rental expenses				
Mrs. Sirima Iamsakulrat	843	842	1,686	1,685
Directors remuneration				
Directors	880	50	1,935	150
Management benefit expenses				
Shot-term employee’s benefits	3,397	2,554	6,046	5,634
Post-employment benefits	106	104	212	236
	<u>4,383</u>	<u>2,708</u>	<u>8,193</u>	<u>6,020</u>

## 5. TEMPORARY INVESTMENTS

Temporary investments were consisted of :

	Thousand Baht		
	As at June 30, 2018		
	Cost value As at June 30, 2018	Unrealized gain (loss) on revaluation of investments	Fair value As at June 30, 2018
Trading securities			
- Investment units	181,921	(878)	181,043
- Investments in listed securities	6	-	6
<u>Less</u> Allowance for diminution in value of investment	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Total	<u>181,921</u>	<u>(878)</u>	<u>181,043</u>

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	Thousand Baht		
	As at December 31, 2017		
	Cost value	Unrealized	Fair value
	As at December	gain (loss) on	As at December
	31, 2017	revaluation	31, 2017
		of investments	
Trading securities			
- Investment units	197,304	1,815	199,119
- Investments in listed securities	6	-	6
<u>Less</u> Allowance for diminution in value of investment	(6)	-	(6)
Total	<u>197,304</u>	<u>1,815</u>	<u>199,119</u>

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables were consisted of :

	Thousand Baht	
	As at June	As at December
	30, 2018	31, 2017
Trade receivable		
Trade receivables - other companies	308,971	262,887
<u>Less</u> Allowance for doubtful accounts	(6,458)	(4,290)
Net	<u>302,513</u>	<u>258,597</u>
Other receivables		
Other receivables - related parties	2,336	2,360
Other receivables - other companies	1,133	225
Accrued retentions	11,034	9,150
Deposit of inventories	4,387	1,452
Prepaid expenses	4,533	2,863
Accrued income	208	194
Total other receivables	<u>23,631</u>	<u>16,244</u>
Total trade and other receivables	<u>326,144</u>	<u>274,841</u>

Trade receivables are classified by aging as follows :

	Thousand Baht	
	As at June 30, 2018	As at December 31, 2017
Current	220,362	184,348
Overdue		
Less than 3 months	77,479	69,660
Over 3 months up to 6 months	7,247	4,120
Over 6 months up to 12 months	72	1,065
Over 12 months	3,811	3,694
Total	308,971	262,887
<u>Less</u> Allowance for doubtful account	(6,458)	(4,290)
Trade receivables, net	302,513	258,597

#### 7. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of :

	Thousand Baht	
	As at June 30, 2018	As at December 31, 2017
Finance lease receivables - printing devices	25,015	19,256
<u>Less</u> Current portion	(9,747)	(8,783)
Long-term finance lease receivables	15,268	10,473

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at June 30, 2018 and December 31, 2017, are as follows:

	Thousand Baht			
	As at June 30, 2018		As at December 31, 2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	13,009	9,747	12,280	8,783
Over 1 year but less than 5 years	19,537	15,268	14,852	10,473
	32,546	25,015	27,132	19,256
<u>Less</u> Deferred interest	(7,531)	-	(7,876)	-
	25,015	25,015	19,256	19,256



## 8. INVENTORIES

Inventories were consisted of :

	Thousand Baht	
	As at June 30, 2018	As at December 31, 2017
Finished goods	259,541	242,933
Goods in transit	64,142	61,746
Total	323,683	304,679
<u>Less Allowance for loss on devaluation of inventories</u>	<u>(17,088)</u>	<u>(13,413)</u>
Total	<u>306,595</u>	<u>291,266</u>

Decline in value of inventory recognized as cost of goods sold for the six-month period ended June 30, 2018 was Baht 3.68 million.

## 9. PROPERTY AND EQUIPMENT

Changes in the property and equipment for the six-month period ended June 30, 2018 were summarized as follows :

	Thousand Baht
<u>Cost</u>	
Balance as at December 31, 2017	206,360
Acquisitions during the period	8,463
Disposals and write-off during the period	(6,389)
Transfer in / (out)	-
Balance as at June 30, 2018	<u>208,434</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2017	(55,892)
Depreciation for the period	(5,984)
Accumulated depreciation on disposals and write-off	3,913
Transfer in / (out)	-
Balance as at June 30, 2018	<u>(57,963)</u>
<u>Net book value</u>	
Balance as at December 31, 2017	<u>150,468</u>
Balance as at June 30, 2018	<u>150,471</u>

As at June 30, 2018 and December 31, 2017, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 24.41 million and Baht 24.30 million, respectively.

## 10. GOODWILL

On November 29, 2016, Chillmatch Co., Ltd. and Q II S Co., Ltd. were transferred their entire business into the Company by issuing capital increase shares for Baht 675.36 million to exchange for the identifiable net assets of both companies for Baht 340.69 million, resulting in a goodwill of Baht 334.67 million.

11. CUSTOMER RELATIONSHIP

Changes in customer relationship for the six-month period ended June 30, 2018 were summarized as follows :

	<u>Thousand Baht</u>
<u>At cost</u>	
Balance as at December 31, 2017	104,308
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2018	<u>104,308</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2017	(16,226)
Amortization for the period	(7,389)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2018	<u>(23,615)</u>
<u>Net book value</u>	
Balance as at December 31, 2017	<u>88,082</u>
Balance as at June 30, 2018	<u>80,693</u>

12. INTANGIBLE ASSETS

Changes in intangible assets for the six-month period ended June 30, 2018 were summarized as follows :

	<u>Thousand Baht</u>
<u>At cost</u>	
Balance as at December 31, 2017	36,733
Acquisitions during the period	287
Disposals and write-off during the period	-
Balance as at June 30, 2018	<u>37,020</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2017	(9,432)
Amortization for the period	(2,093)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2018	<u>(11,525)</u>
<u>Net book value</u>	
Balance as at December 31, 2017	<u>27,301</u>
Balance as at June 30, 2018	<u>25,495</u>

As at June 30, 2018 and December 31, 2017, the Company had intangible assets, which were fully amortized but still in use with the cost price of Baht 1.01 million and Baht 1.01 million, respectively.

13. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of :

	Thousand Baht	
	As at June 30, 2018	As at December 31, 2017
Trade payables		
Trade payables - other companies	151,198	109,507
Other payables		
Other payables	6,326	7,635
Accrued commission expenses	15,883	15,725
Accrued bonus	9,937	17,039
Advance from customers for goods and services	27,236	13,668
Accrued expenses	6,668	6,555
Other	6,034	4,346
Total	<u>72,084</u>	<u>64,968</u>
Total trade and other payables	<u><u>223,282</u></u>	<u><u>174,475</u></u>

14. DIVIDEND PAID

On February 23, 2018, the Company’s Board of Directors No. 2/2018 passed the resolution to declare dividend at Baht 0.14 per share for 584,500,000 issued and paid up ordinary shares, in total amount of Baht 81,830,000. The dividend declaration had been approved from Annual General Shareholders’ Meeting No. 1/2018 on April 27, 2018.

15. OPERATING SEGMENT

Segment information is presented in respect of the business segments. The primary format in segment information report is based on the management and internal reporting structure.

The Company comprises the following main business segments:

Segment 1	Fire Protection Products and Project
Segment 2	Sanitary and Air-Conditioning System
Segment 3	Refrigeration System
Segment 4	Digital Printing System

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Operating segment by business in the statement of comprehensive income for the three-month periods ended June 30, 2018 and 2017 were as follows :

	Thousand Baht									
	For the three-month period ended June 30,									
	2018					2017				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	114,854	20,751	88,863	85,221	309,689	121,002	19,951	82,243	69,434	292,630
Revenue from rendering of services	28,734	-	-	18,627	47,361	28,779	-	-	6,858	35,637
Cost of sale of goods	(80,355)	(15,507)	(61,017)	(55,420)	(212,299)	(89,993)	(14,813)	(58,101)	(38,889)	(201,796)
Cost of rendering of services	(27,133)	-	-	(9,614)	(36,747)	(24,987)	-	-	(8,460)	(33,447)
Gross profit	36,100	5,244	27,846	38,814	108,004	34,801	5,138	24,142	28,943	93,024
Other income					2,070					3,120
Selling expenses					(29,075)					(25,384)
Administrative expenses					(38,884)					(31,845)
Finance cost					-					-
Profit before income tax expense					42,115					38,915
Income tax expense					(8,333)					(7,908)
Profit for the periods					33,782					31,007
Other comprehensive income					-					-
Total comprehensive income for the periods					33,782					31,007

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Operating segment by business in the statement of comprehensive income for the six-month periods ended June 30, 2018 and 2017 were as follows :

	Thousand Baht									
	For the six-month period ended June 30,									
	2018					2017				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	225,360	42,642	165,345	156,990	590,337	240,206	41,313	147,786	132,716	562,021
Revenue from rendering of services	52,148	-	-	25,224	77,372	45,331	-	-	13,717	59,048
Cost of sale of goods	(159,900)	(31,984)	(112,625)	(98,440)	(402,949)	(179,957)	(30,640)	(106,003)	(77,577)	(394,177)
Cost of rendering of services	(47,172)	-	-	(19,181)	(66,353)	(38,124)	-	-	(15,509)	(53,633)
Gross profit	70,436	10,658	52,720	64,593	198,407	67,456	10,673	41,783	53,347	173,259
Other income					5,771					8,153
Selling expenses					(53,793)					(47,947)
Administrative expenses					(72,642)					(63,522)
Finance cost					-					-
Profit before income tax expense					77,743					69,943
Income tax expense					(15,354)					(12,831)
Profit for the periods					62,389					57,112
Other comprehensive income					-					-
Total comprehensive income for the periods					62,389					57,112

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Operating segment by business in the statement of financial position as at June 30, 2018 and December 31, 2017 were as follows :

	Thousand Baht									
	As at June 30, 2018					As at December 31, 2017				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Assets for reportable segments										
Trade receivables - other companies	132,684	24,024	85,193	67,070	308,971	118,278	19,085	70,717	54,807	262,887
Inventories	129,485	9,946	97,991	69,173	306,595	136,777	9,088	87,324	58,077	291,266
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	58,286	22,407	80,693	-	-	63,624	24,458	88,082
Assets under common use										
- Equipment	-	-	-	-	150,471	-	-	-	-	150,468
- Intangible assets	-	-	-	-	25,495	-	-	-	-	27,301
- Others	-	-	-	-	277,473	-	-	-	-	302,666
Total assets for reportable segments	<u>262,169</u>	<u>33,970</u>	<u>441,536</u>	<u>293,256</u>	<u>1,484,370</u>	<u>255,055</u>	<u>28,173</u>	<u>421,731</u>	<u>271,948</u>	<u>1,457,342</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,666</u>

For the six-month periods ended June 30, 2018 and 2017, there was no revenue from sales with a single external customers contributed 10% or more to the total revenue.

The Company has revenues from service with external customers over 10% of total revenue from service.

For the six-month periods ended June 30, 2018 and 2017, the Company has revenue from service with 1 major customer and 2 major customers in amount of Baht 18.62 million and Baht 13.73 million, respectively.

## 16. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the periods by the weighted average number of ordinary shares in issue during the periods.

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
Profit for the periods (Thousand Baht)	33,782	31,007	62,389	57,112
Weighted average number of ordinary shares (Thousand Shares)	584,500	584,500	584,500	584,500
Basic earnings per share (Baht per share)	0.06	0.05	0.11	0.10

## 17. COMMITMENTS AND CONTINGENT LIABILITIES

As at June 30, 2018 and December 31, 2017, the Company had commitments and contingent liabilities as follows :

17.1 As at June 30, 2018 and December 31, 2017, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 18.03 million and Baht 18.78 million, respectively.

17.2 The credit facilities with financial institutions as at June 30, 2018 and December 31, 2017 consisted of :

Type of credit	Facilities (Million Baht)		Referred interest rate (% per annum)	
	As at June 30, 2018	As at December 31, 2017	As at June 30, 2018	As at December 31, 2017
Bank overdrafts	11.00	11.00	MOR	MOR
			Fixed deposit	Fixed deposit
Letter of credit/trust receipt	160.00	160.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	24.47	24.47	1.65 - 2%	1.65 - 2%
Forward exchange contracts	562.39	562.39		
Promissory notes	5.00	5.00	MLR	MLR
Up country check purchase	-	-		
Total	762.86	762.86		
Forward foreign exchange contracts (Million US dollars)	3.00	3.00		

17.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht	
	As at June 30, 2018	As at December 31, 2017
Due not later than 1 year	13.42	13.71
Due later than 1 year but not later than 5 years	6.05	12.65

Rental and service expenses for the six-month period ended June 30, 2018 and 2017 are Baht 7.01 million and Baht 6.92 million, respectively.

#### 18. FAIR VALUE MEASUREMENT

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant TFRS, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorizing such inputs into three levels 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.

As at June 30, 2018 and December 31, 2017, the Company had the following financial assets and liabilities that were measured at fair value on which the fair value hierarchy is classified as follows :

	Thousand Baht			
	As at June 30, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	181,043	-	181,043
Foreign currency forward contracts	-	1,279	-	1,279
	Thousand Baht			
	As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	199,119	-	199,119
Foreign currency forward contracts	-	(514)	-	(514)



Fair valuation techniques and inputs to Level 2 fair valuation

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

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

During the period, there were no transfers within the fair value hierarchy.

Certain financial assets and financial liabilities is measured at fair value

The following table gives information about how the fair values of these financial assets and financial liabilities are measured at fair value on fair value hierarchy as at June 30, 2018 and December 31, 2017.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	As at June 30, 2018	As at December 31, 2017		
<u>Financial assets (liabilities)</u>				
Foreign currency forward contracts	1,279,048	(514,283)	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

19. RECLASSIFICATIONS

Certain reclassifications have been made in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2017 to conform to the classifications used in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2018 as follows :

	Thousand Baht		
	For the three-month periods ended June 30, 2017		
	As previously reported	Increase (decrease)	As reclassified
Cost of sales	201,673	123	201,796
Cost of rendering of services	33,570	(123)	33,447
Selling expenses	23,010	2,374	25,384
Administrative expenses	34,219	(2,374)	31,845

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	Thousand Baht		
	For the six-month periods ended June 30, 2017		
	As previously reported	Increase (decrease)	As reclassified
Revenues from sales	561,996	25	562,021
Revenue from rendering of services	59,073	(25)	59,048
Cost of sales	393,947	230	394,177
Cost of rendering of services	53,863	(230)	53,633
Selling expenses	43,188	4,759	47,947
Administrative expenses	68,281	(4,759)	63,522

## 20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on August 9, 2018.