

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of Harn Engineering Solutions Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Harn Engineering Solutions Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

1) Recognition of revenue from sales and service

Risk

The Company has revenue from sales and service derived from four main business segments which are fire protection and projects, sanitary and air-conditioning systems, cold storage devices, and digital printing system for the year ended December 31, 2018 amounting to Baht 1,344.27 million which have different terms and pricing conditions, including revenue from services under the fire protection installation project amounting to Baht 105.57 million or 7.85% of the Company's total revenue from sales and service. The estimate of item that involves the service under the project agreement has an effect on the revenue that the Company recognized in the period, which it has to recognize by the percentage of completion method as at December 31, 2018. I have identified that accuracy and completeness of revenue recognition from sales and service carries significant risk and requires special attention in the audit. The Company has disclosed its accounting policy of revenue from sales and service recognition and detail of revenue from sales and service in the notes to the financial statement No. 3.16 and 23, respectively.

Risk response by auditor

My audit approach on such matter includes understanding the revenue recognition process and internal control related to the revenue recognition, reviewing the design and implementation of the internal control procedures for such matter, performing the operating effectiveness testing over the internal control procedures around revenue recognition process, and performing substantive testing which consists of examining terms and conditions of the sales and services agreements and examining the related supporting documents of those revenues, examining the supporting documents for the revenue from sales and services transactions that occurred during the year and near the end of the accounting period, examining credit notes issued after the end of the accounting period, and performing analytical review and test of detail relating to the revenue from sales and services.

2) Testing for impairment of goodwill

Risk

The Company has goodwill of Baht 334.67 million or 21.61% of total assets as at December 31, 2018 which is the goodwill arising from the acquisition and transfer of the entire business of Chillmatch Company Limited which is the cold storage devices segment and Q II S Company Limited which is digital printing system segment. The Company has to test goodwill for impairment annually in accordance with the Thai Financial Reporting Standards. The test of impairment is significant to the audit as the amount has materiality to the financial statements. In addition, the procedure of impairment testing by the management is complex and requires using considerable judgment as well as relying on assumptions, especially the estimates of future cash flows to be received and paid that are expected to generate from the continuing operation of the cash generating unit, and the use of appropriate discount rate in order to discount future cash flow which can change according to the economic conditions and market conditions in the future. The Company has disclosed goodwill in the notes to the financial statements No. 3.11 which describes the accounting policies and No. 12 which describes the amount and key assumptions that may affect the impairment in the future.

Risk response by auditor

In my audit approach, I have considered the reasonableness of the assumptions and methods used by the management in calculating the estimates of future cash flows to be received and paid that are expected to be generated by auditing the supporting evidence which presents the best estimate of the management, especially on the revenue forecast and gross profit and profit from operation of the business segments of the Company, the use of appropriate discount rate to discount future cash flow, as well as testing the calculation of the recovery amount. In addition, I have paid attention on the adequacy of the information disclosure relating to the assumptions which are most sensitive that may affect the testing result of impairment and has significant effect on the measurement of recovery amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Thanawut Piboonsawat.

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

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 28, 2019

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

| <u>ASSETS</u> | | Baht | |
|--|------|----------------------|----------------------|
| | Note | 2018 | 2017 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 29,310,563 | 41,955,998 |
| Temporary investments | 6 | 167,434,994 | 199,119,259 |
| Trade and other receivables | 7 | 284,531,945 | 274,841,161 |
| Current portion of finance lease receivables | 8 | 11,793,435 | 8,783,243 |
| Unbilled receivables | | 11,421,369 | 11,876,749 |
| Inventories | 9 | 304,439,304 | 291,266,083 |
| Other current assets | | 478,604 | 909,087 |
| TOTAL CURRENT ASSETS | | 809,410,214 | 828,751,580 |
| NON-CURRENT ASSETS | | | |
| General investment | | 241,845 | 241,845 |
| Long-term finance lease receivables | 8 | 21,128,666 | 10,473,328 |
| Investment property | 10 | 231,818,176 | - |
| Property and equipment | 11 | 32,680,745 | 150,468,251 |
| Goodwill | 12 | 334,672,061 | 334,672,061 |
| Customer relationship | 13 | 73,180,908 | 88,082,002 |
| Intangible assets | 14 | 23,979,343 | 27,301,349 |
| Other non-current assets | | 21,474,503 | 17,351,364 |
| TOTAL NON-CURRENT ASSETS | | 739,176,247 | 628,590,200 |
| TOTAL ASSETS | | 1,548,586,461 | 1,457,341,780 |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Baht | |
|--------------------------------------|------|--------------------|--------------------|
| | Note | 2018 | 2017 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 210,181,058 | 174,475,176 |
| Income tax payable | | 16,064,280 | 17,474,246 |
| Short-term provisions | | 384,041 | - |
| Other current liabilities | | 6,271,500 | 5,816,355 |
| TOTAL CURRENT LIABILITIES | | 232,900,879 | 197,765,777 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 16 | 9,744,962 | 13,454,797 |
| Employee's benefit obligations | 17 | 16,670,899 | 14,897,993 |
| Other non-current liabilities | | 22,064,273 | 16,546,575 |
| TOTAL NON-CURRENT LIABILITIES | | 48,480,134 | 44,899,365 |
| TOTAL LIABILITIES | | 281,381,013 | 242,665,142 |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

| | Note | Baht | |
|---|------|----------------------|----------------------|
| | | 2018 | 2017 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | | |
| Authorized share capital | | | |
| 584,500,000 ordinary shares of Baht 0.50 each | | 292,250,000 | 292,250,000 |
| Issued and paid-up share capital | | | |
| 584,500,000 ordinary shares of Baht 0.50 each | | 292,250,000 | 292,250,000 |
| Premium on ordinary shares | 19 | 776,416,427 | 776,416,427 |
| Retained earnings | | | |
| Appropriated | | | |
| Legal reserve | 20 | 27,068,831 | 20,350,894 |
| Unappropriated | | 171,470,190 | 125,659,317 |
| TOTAL SHAREHOLDERS' EQUITY | | 1,267,205,448 | 1,214,676,638 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,548,586,461 | 1,457,341,780 |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

| | Note | Baht | |
|---|------|----------------------|----------------------|
| | | 2018 | 2017 |
| Revenues | | | |
| Revenues from sales | | 1,198,963,880 | 1,161,790,617 |
| Revenue from rendering of services | | 145,302,809 | 124,173,894 |
| Other income | | 11,749,984 | 14,736,394 |
| Total revenues | | <u>1,356,016,673</u> | <u>1,300,700,905</u> |
| Expenses | | | |
| Cost of sales | | 802,508,957 | 788,388,536 |
| Cost of rendering of services | | 128,718,817 | 109,157,780 |
| Selling expenses | | 118,974,255 | 105,189,730 |
| Administrative expenses | | 138,307,328 | 136,830,200 |
| Finance costs | | 341 | 239 |
| Total expenses | | <u>1,188,509,698</u> | <u>1,139,566,485</u> |
| Profit before income tax expenses | | 167,506,975 | 161,134,420 |
| Income tax expenses | 25 | 33,148,221 | 31,455,326 |
| Profit for the year | | <u>134,358,754</u> | <u>129,679,094</u> |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Actuarial gains (losses) on defined employee benefit plans, net of tax | | - | (36,937) |
| Other comprehensive income (expense) for the year | | - | (36,937) |
| Total comprehensive income for the year | | <u>134,358,754</u> | <u>129,642,157</u> |
| Earnings per share | 26 | | |
| Basic earning per share (Bath per share) | | <u>0.23</u> | <u>0.22</u> |
| Weighted average number of ordinary shares (shares) | | <u>584,500,000</u> | <u>584,500,000</u> |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

| | Note | Baht | | | | Total shareholders' equity |
|---|------|--|----------------------------------|-------------------------------|----------------|----------------------------------|
| | | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings | | |
| | | | | Appropriated legal reserve | Unappropriated | |
| Beginning balance as at January 1, 2017 | | 292,250,000 | 776,416,427 | 13,866,939 | 55,106,115 | 1,137,639,481 |
| Appropriated to legal reserve | | - | - | 6,483,955 | (6,483,955) | - |
| Dividend paid | 21 | - | - | - | (52,605,000) | (52,605,000) |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | | - | - | - | 129,679,094 | 129,679,094 |
| Other comprehensive income (expense) for the year | | - | - | - | (36,937) | (36,937) |
| Ending balance as at December 31, 2017 | | 292,250,000 | 776,416,427 | 20,350,894 | 125,659,317 | 1,214,676,638 |
| Appropriated to legal reserve | | - | - | 6,717,937 | (6,717,937) | - |
| Dividend paid | 21 | - | - | - | (81,829,944) | (81,829,944) |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | | - | - | - | 134,358,754 | 134,358,754 |
| Other comprehensive income (expense) for the year | | - | - | - | - | - |
| Ending balance as at December 31, 2018 | | 292,250,000 | 776,416,427 | 27,068,831 | 171,470,190 | 1,267,205,448 |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

| | Baht | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Cash flows from operating activities | | |
| Profit for the year | 134,358,754 | 129,679,094 |
| Adjustment to reconcile profit (loss) for the year to net cash provided by (used in) operating activities :- | | |
| Bad debt and allowance for doubtful account (reversal) | 1,184,750 | (1,124,406) |
| Depreciation and amortization | 16,358,023 | 16,030,593 |
| Amortization of customer relationship | 14,901,094 | 14,901,095 |
| Loss on devaluation of inventories | 2,724,182 | (1,565,529) |
| (Gain) loss on disposals of fixed assets | (156,674) | 351,164 |
| Unrealized (gain) loss on exchange rate | (389,504) | 119,437 |
| (Gain) loss on disposals of investment | (1,827,324) | (7,998,166) |
| Unrealized (gain) loss on revaluation of temporary investments | 1,706,493 | 5,349,408 |
| Interest income | (95,676) | (98,744) |
| Dividend income | - | (793,006) |
| Employee's benefit expenses | 1,772,906 | 2,842,780 |
| Finance costs | 341 | 239 |
| Income tax expense | 33,148,221 | 31,455,326 |
| Profit from operating before changes in operating assets and liabilities | 203,685,586 | 189,149,285 |
| (Increase) decrease in operating assets | | |
| Trade and other receivables | (10,860,744) | 17,600,588 |
| Finance lease receivables | (13,665,530) | 804,826 |
| Unbilled receivables | 455,380 | (4,736,326) |
| Inventories | (20,268,938) | (56,604,417) |
| Other current assets | 430,483 | (159,100) |
| Other non-current assets | (4,123,139) | (1,590,426) |
| Increase (decrease) in operating liabilities | | |
| Trade and other payables | 39,699,501 | (5,536,407) |
| Short-term provisions | 384,041 | (167,600) |
| Other current liabilities | 455,145 | 1,175,093 |
| Employee's benefit obligations | - | (1,901,000) |
| Other non-current liabilities | 5,517,698 | 1,449,845 |
| Cash received (paid) from operating | 201,709,483 | 139,484,361 |
| Finance costs | (341) | (239) |
| Income tax paid | (38,268,022) | (32,347,406) |
| Net cash provided by (used in) operating activities | 163,441,120 | 107,136,716 |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Baht | |
|--|---------------|---------------|
| | 2018 | 2017 |
| Cash flows from investing activities | | |
| Cash receipts from redemption of temporary investments | 411,975,543 | 532,844,502 |
| Cash payments for purchase of temporary investment | (380,170,447) | (464,136,245) |
| Cash payments for purchase of investment property | (117,000,000) | - |
| Cash receipts from disposal of equipment | 2,727,685 | 581,353 |
| Cash payments for purchases of property and equipment | (7,460,653) | (117,264,052) |
| Cash payments for purchases of intangible assets | (4,424,415) | (1,359,440) |
| Interest received | 95,676 | 98,744 |
| Dividends received | - | 793,006 |
| Net cash provided by (used in) investing activities | (94,256,611) | (48,442,132) |
| Cash flows from financing activities | | |
| Dividend paid | (81,829,944) | (52,605,000) |
| Net cash provided by (used in) financing activities | (81,829,944) | (52,605,000) |
| Net increase (decrease) in cash and cash equivalents | (12,645,435) | 6,089,584 |
| Cash and cash equivalents at beginning of year | 41,955,998 | 35,866,414 |
| Cash and cash equivalents at end of year | 29,310,563 | 41,955,998 |
| Supplementaly disclosures of cash flows information : | | |
| Non-Cash transection | | |
| Liabilities incurred from acquisition of fixed assets and intangible assets - beginning of year | 4,045,276 | 670,455 |
| Inventories transferred to fixed asset | (5,352,797) | (6,019,164) |
| Fixed asset transferred to expense | (239,526) | - |
| <u>Add</u> Purchases of fixed assets and intangible assets | 130,858,486 | 128,017,477 |
| <u>Less</u> Cash payments | (128,885,068) | (118,623,492) |
| Liabilities incurred from acquisition of fixed assets and intangible assets - ending of year | 426,371 | 4,045,276 |

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E. 2547 by complying with the Thai Financial Reporting Standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E. 2543.

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

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

2.2 The financial reporting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

| | |
|------------------------|--|
| TAS 1 (revised 2017) | Presentation of Financial Statements |
| TAS 2 (revised 2017) | Inventories |
| TAS 7 (revised 2017) | Statement of Cash Flows |
| TAS 8 (revised 2017) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2017) | Events After the Reporting Period |
| TAS 11 (revised 2017) | Construction Contracts |
| TAS 12 (revised 2017) | Income Taxes |
| TAS 16 (revised 2017) | Property, Plant and Equipment |
| TAS 17 (revised 2017) | Leases |
| TAS 18 (revised 2017) | Revenue |
| TAS 19 (revised 2017) | Employee Benefits |
| TAS 20 (revised 2017) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2017) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2017) | Borrowing Costs |
| TAS 24 (revised 2017) | Related Party Disclosures |
| TAS 26 (revised 2017) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2017) | Separate Financial Statements |
| TAS 28 (revised 2017) | Investments in Associates and Joint Ventures |
| TAS 29 (revised 2017) | Financial Reporting in Hyperinflationary Economies |
| TAS 33 (revised 2017) | Earnings Per Share |
| TAS 34 (revised 2017) | Interim Financial Reporting |
| TAS 36 (revised 2017) | Impairment of Assets |
| TAS 37 (revised 2017) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2017) | Intangible assets |
| TAS 40 (revised 2017) | Investment Property |
| TAS 41 (revised 2017) | Agriculture |
| TFRS 2 (revised 2017) | Share-Based Payment |
| TFRS 3 (revised 2017) | Business Combinations |
| TFRS 4 (revised 2017) | Insurance Contracts |
| TFRS 5 (revised 2017) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 (revised 2017) | Exploration for and Evaluation of Mineral Resource |
| TFRS 8 (revised 2017) | Operating Segments |
| TFRS 10 (revised 2017) | Consolidated Financial Statements |

| | |
|-------------------------|--|
| TFRS 11 (revised 2017) | Joint Arrangements |
| TFRS 12 (revised 2017) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2017) | Fair Value Measurement |
| TSIC 10 (revised 2017) | Government Assistance - No Specific Relation to Operating Activities |
| TSIC 15 (revised 2017) | Operating Leases - Incentives |
| TSIC 25 (revised 2017) | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |
| TSIC 27 (revised 2017) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 (revised 2017) | Service Concession Arrangements: Disclosure |
| TSIC 31 (revised 2017) | Revenue-Barter Transactions Involving Advertising Services |
| TSIC 32 (revised 2017) | Intangible Assets - Web Site Costs |
| TFRIC 1 (revised 2017) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2017) | Determining whether an Arrangement contains a Lease |
| TFRIC 5 (revised 2017) | Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 (revised 2017) | Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics |
| TFRIC 10 (revised 2017) | Interim Financial Reporting and Impairment |
| TFRIC 12 (revised 2017) | Service Concession Arrangements |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes |
| TFRIC 14 (revised 2017) | TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate |
| TFRIC 17 (revised 2017) | Distributions of Non - cash Assets to Owners |
| TFRIC 18 (revised 2017) | Transfers of Assets from Customers |
| TFRIC 20 (revised 2017) | Stripping Costs in the Production Phase of a Surface Mine |
| TFRIC 21 (revised 2017) | Levies |

The management of the Company evaluated that these revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Business combinations

The Company applies the acquisition method for all business combinations except for the business combination under common control.

The Company's control is achieved when the Company (1) has power over the investee (2) is exposed, or has rights, to variable returns from its involvement with the investee and (3) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Company measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Company incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

3.2 Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized as profit or loss in statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

3.3 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and product price risks arising from operational, financing and investment activities.

The Company entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Note 29.

Gains and losses on forward foreign exchange contracts designated as hedges of existing assets and liabilities without using hedge accounting are recognized as income or expense in the statement of profit or loss and other comprehensive income.

Amounts to be paid and received are offset in the statement of financial position and included in assets or liabilities category in the statement of financial position.

The Company has no policy to speculate in or engage in the trading of any derivative financial instruments.

3.4 Hedge accounting

Fair value hedges accounting

Where a derivative financial instrument hedges the changes in fair value of a recognized asset, liability or unrecognized firm commitment, any gain or loss on re-measuring the fair value or foreign currency component of the hedging instrument is recognized as income or expense or in statement of profit or loss and other comprehensive income. The hedged item is also stated at fair value in respect of the risk being hedged.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualified for hedge accounting. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognized immediately in profit or loss in the statement of profit or loss and other comprehensive income.

3.5 Cash and cash equivalents

Cash and cash equivalents are cash on hand, cash at banks and bank deposits with a maturity date less than 3 months excluded deposits at bank used as collateral and short-term investments with high liquidity.

3.6 Temporary investments

Marketable equity securities held for trading are stated at fair value, with any resultant gain or loss from revaluation recognized in the statement of profit or loss and other comprehensive income.

Costs of investment sold during the year are calculated using the weighted average cost method.

3.7 Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

Allowance for doubtful accounts is an estimation of those amounts, which may prove to be uncollectible, based on historical collection experience and review of the current status of existing receivables. Bad debts are written off when incurred.

3.8 Inventories

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

Cost of inventories is calculated by weighted average method which comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes an appropriate share of overhead based on normal operating capacity.

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 all deteriorated, damaged, obsolete and slow-moving inventories.

3.9 Investment property

Investment property is stated at cost less accumulated depreciation and allowance on impairment (if any).

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

| | Years |
|-----------------------|-------|
| Factory building | 40 |
| Building improvements | 5 |
| Tool and equipment | 5 |

Depreciation is included in determining income and no depreciation is provided for construction in progress.

3.10 Equipment

Recognition and measurement

Equipment are stated at cost less accumulated depreciation and allowance on decline in value (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use as part of that property plant and equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains or losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property plant and equipment, and are recognized net within other income or other expense in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property plant and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized as an expense in statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount of plant and equipment, which are the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

| | Years |
|-------------------------------------|-------|
| Tool and equipment | 5 |
| Furniture and office equipment | 5 |
| Vehicles | 5 - 7 |
| Assets for rental and demonstration | 5 |

Depreciation is included in determining income and no depreciation is provided for construction in progress.

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

3.11 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in Note 3.1. Subsequent to the initial recognition, goodwill is measured at cost less impairment loss. The Company assesses an impairment of goodwill annually, without consideration of indication that such goodwill may be impaired.

3.12 Intangible asset

Other intangible assets

Other intangible asset, which are acquired by the Company and have finite useful lives, are stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization

Amortization is recognized as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use as follows:

| | Years |
|-----------------------|--------|
| Computer software | 5 - 10 |
| Customer relationship | 7 |

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

3.13 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each the reporting period date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and customer relationship, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as expense in the statements of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity and subsequently occurs impairment, in which case it is charged to statement of other comprehensive income.

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 in respect of financial assets is reversed if subsequent increase in recoverable amount and the recoverable amount can be related objectively to an event after the impairment loss was recognized as an expense in the statement of profit or loss and other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 amortization, as if no impairment loss had been recognized.

3.14 Lease

Operating Lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Financial lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company is accounted for as financial lease. At inception, the fair value of the leased assets is recorded together with the obligation. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or finance charge and depreciation are recognized as expenses in the statements of profit or loss and other comprehensive income.

3.15 Employee benefits

Short-term benefits

The Company recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits - defined contribution plan

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Company. Contributions to the provident fund and obligations under contribution plan are charged as an expense to the statement of comprehensive income in the period to which they relate.

Post-employment benefits - defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognized as an expense over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes all actuarial gains (losses) immediately in other comprehensive income.

3.16 Revenues

3.16.1 Sale of goods

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

Revenue from sale is recognized in the statement of profit or loss and other comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

3.16.2 Revenues from rendering of service

Revenues from rendering of service are recognized when services are rendered to customers.

3.16.3 Revenue from service contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a service contract can be estimated reliably, contract revenue and expenses are recognized in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a service contract cannot be estimated reliably, revenue contract is recognized only to the extent of contract costs incurred that it is probably will be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss on a contract shall be recognized in the statement of profit or loss and other comprehensive income.

The completed part of service, which has not yet been delivered for acceptance or for billing, is recorded as unbilled receivables.

3.16.4 Rental income

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

3.16.5 Interest income and other income

Interest income is recognized in the statements of profit or loss and other comprehensive income on an accrual basis, based on the effective rate method.

Other income is recognized on an accrual basis.

3.17 Expenses

Expenses are recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

3.18 Borrowing costs

Finance costs comprise interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

3.19 Income tax

Income tax expense for the year comprises current and deferred tax.

Current and deferred tax are recognized as income or expense in the statements of profit or loss and other comprehensive income except to the extent that they relate to a business combination, or items recognized 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 and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized 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 not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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 reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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 realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. 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 realized.

3.20 Basic earnings per share

The calculations of basic earnings per share for the year were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.21 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2017), leasing transactions that are within the scope of TAS 17 (Revised 2017), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2017) or value in use in TAS 36 (Revised 2017).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.22 Use of management's critical judgements in applying accounting policies

(1) Use of management's critical judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting policies are as follows:

Impairment

The Company shall assess the assets balance at the statement of financial position whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Estimated construction project costs

The Company estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for losses on project services contract

Management applies judgement in estimating the loss they expect to be realised on each installation, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of installation materials, labour and the current situation.

Provision for penalty from delay delivery

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

Classification of leases

In determining whether a lease should be classified as an operating lease or finance lease, the Company's management has to use judgement to determine whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Investment property/Depreciation

In determining depreciation of investment property, the management is required to make estimates of the useful lives and residual values of the investment property and to review the useful lives and residual values when there are any changes.

In addition, the management is required to review investment property for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

In determining the fair value disclosure of investment property, the management used the income approach supported by current and previous valuations by an independent appraiser.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Company's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 17.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

(2) Key sources of estimation uncertainty

Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages qualified external values to perform the valuation to establish the appropriate valuation techniques and inputs to the model.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 28.

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/ | Related | Relationship |
|----------------------------|-------------|-----------------|---|
| | Nationality | | |
| Harn Engineering Co., Ltd. | Thailand | Related company | Directorships and/or common shareholders |
| Phraboriban 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 December 31, 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 | Phraboriban Co., Ltd. | 3 years | 280,900 |

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

| | Baht | |
|-----------------------------|-----------|-----------|
| | 2018 | 2017 |
| Trade and other receivables | | |
| Harn Engineering Co., Ltd. | 2,336,218 | 2,360,022 |

Transactions for the years ended December 31, 2018 and 2017 with related parties were summarized as follows:

| | Baht | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| Purchase of equipment | | |
| Harn Engineering Co., Ltd. | 284,673 | - |
| Office rental and service expenses | | |
| Harn Engineering Co., Ltd. | 5,987,952 | 5,987,952 |
| Mr. Jain Charannarong | 637,200 | 637,200 |
| | <u>6,625,152</u> | <u>6,625,152</u> |
| Warehouse rental expenses | | |
| Mrs. Sirima Iamsakulrat | 1,966,300 | 3,370,800 |
| Phraboriban Co., Ltd. | 1,404,500 | - |
| | <u>3,370,800</u> | <u>3,370,800</u> |
| Expenses for directors and key management | | |
| Directors remuneration | 3,970,000 | 2,655,000 |
| Key management's benefit | | |
| Shot-term employee's benefits | 12,059,930 | 12,162,354 |
| Post-employment benefits | 425,795 | 442,384 |
| | <u>16,455,725</u> | <u>15,259,738</u> |

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the manager level.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were consisted of:

| | Baht | |
|----------------------------------|-------------------|-------------------|
| | 2018 | 2017 |
| Cash in hand | 118,915 | 150,158 |
| Cash at Banks - current accounts | 3,758,241 | 4,116,991 |
| - savings accounts | 25,433,407 | 37,688,849 |
| Total | <u>29,310,563</u> | <u>41,955,998</u> |

6. TEMPORARY INVESTMENTS

Temporary investments were consisted of:

| | Baht | | |
|---|-------------------------|---|--------------------|
| | As at December 31, 2018 | | |
| | Cost value | Unrealized gain (loss) on revaluation of investments | Fair value |
| Trading securities | | | |
| - Investment units | 167,326,447 | 108,547 | 167,434,994 |
| - Investments in listed securities | 2,989 | - | 2,989 |
| <u>Less</u> Allowance for diminution in value of investment | (2,989) | - | (2,989) |
| Total | <u>167,326,447</u> | <u>108,547</u> | <u>167,434,994</u> |

| | Baht | | |
|---|-------------------------|---|--------------------|
| | As at December 31, 2017 | | |
| | Cost value | Unrealized gain (loss) on revaluation of investments | Fair value |
| Trading securities | | | |
| - Investment units | 197,304,219 | 1,815,040 | 199,119,259 |
| - Investments in listed securities | 5,977 | - | 5,977 |
| <u>Less</u> Allowance for diminution in value of investment | (5,977) | - | (5,977) |
| Total | <u>197,304,219</u> | <u>1,815,040</u> | <u>199,119,259</u> |

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables were consisted of:

| | Baht | |
|---|--------------------|--------------------|
| | 2018 | 2017 |
| Trade receivable | | |
| Trade receivables - other companies | 263,108,696 | 262,887,141 |
| <u>Less</u> Allowance for doubtful accounts | (5,475,013) | (4,290,263) |
| Net | <u>257,633,683</u> | <u>258,596,878</u> |
| Other receivables | | |
| Other receivables - related parties | 2,336,218 | 2,360,022 |
| Other receivables - other companies | 1,157,930 | 224,933 |
| Accrued retentions | 9,457,971 | 9,150,116 |
| Deposit of inventories | 9,595,215 | 1,451,984 |
| Prepaid expenses | 3,677,167 | 2,862,823 |
| Accrued income | 673,761 | 194,405 |
| Total other receivables | <u>26,898,262</u> | <u>16,244,283</u> |
| Total trade and other receivables | <u>284,531,945</u> | <u>274,841,161</u> |

Trade receivables are classified by aging as follows:

| | Baht | |
|--|--------------------|--------------------|
| | 2018 | 2017 |
| Current | 171,737,088 | 184,348,418 |
| Overdue | | |
| Less than 3 months | 81,579,532 | 69,658,516 |
| Over 3 months up to 6 months | 5,357,886 | 4,119,975 |
| Over 6 months up to 12 months | 804,084 | 1,065,338 |
| Over 12 months | 3,630,106 | 3,694,894 |
| Total | 263,108,696 | 262,887,141 |
| <u>Less</u> Allowance for doubtful account | (5,475,013) | (4,290,263) |
| Trade receivables, net | <u>257,633,683</u> | <u>258,596,878</u> |

8. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of:

| | Baht | |
|--|-------------------|-------------------|
| | 2018 | 2017 |
| Finance lease receivables - printing devices | 32,922,101 | 19,256,571 |
| <u>Less</u> Current portion | (11,793,435) | (8,783,243) |
| Long-term finance lease receivables | <u>21,128,666</u> | <u>10,473,328</u> |

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

| | Baht | | | |
|-----------------------------------|------------------------|---|------------------------|---|
| | 2018 | | 2017 | |
| Collection period | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| Within 1 year | 16,521,656 | 11,793,435 | 12,279,962 | 8,783,243 |
| Over 1 year but less than 5 years | 30,963,874 | 21,128,666 | 14,852,670 | 10,473,328 |
| | 47,485,530 | 32,922,101 | 27,132,632 | 19,256,571 |
| <u>Less</u> Deferred interest | (14,563,429) | - | (7,876,061) | - |
| | <u>32,922,101</u> | <u>32,922,101</u> | <u>19,256,571</u> | <u>19,256,571</u> |

9. INVENTORIES

Inventories were consisted of:

| | Baht | |
|--|--------------------|--------------------|
| | 2018 | 2017 |
| Finished goods | 261,955,093 | 242,933,254 |
| Goods in transit | 58,621,511 | 61,745,947 |
| Total | 320,576,604 | 304,679,201 |
| <u>Less</u> Allowance for loss on devaluation of inventories | (16,137,300) | (13,413,118) |
| Inventories, net | <u>304,439,304</u> | <u>291,266,083</u> |

Decline in value of inventory recognized as cost of goods sold for the years ended December 31, 2018 and 2017 were Baht 3.21 million and Baht 4.70 million, respectively.

10. INVESTMENT PROPERTY

Investment property were consisted of:

| | Baht | | | | Balance Dec. 31, 2018 |
|---------------------------------|--------------------------|------------------------------|----------|--------------------|--------------------------|
| | Balance Dec. 31, 2017 | Transactions during the year | | | |
| | | Additions | Decrease | Transfer in/out | |
| <u>Cost</u> | | | | | |
| Land | - | 57,695,421 | - | 114,950,000 | 172,645,421 |
| Factory building | - | 55,675,068 | - | - | 55,675,068 |
| Building improvements | - | 2,671,760 | - | - | 2,671,760 |
| Tool and equipment | - | 957,751 | - | - | 957,751 |
| Total | - | <u>117,000,000</u> | - | <u>114,950,000</u> | <u>231,950,000</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Factory building | - | (99,147) | - | - | (99,147) |
| Building improvements | - | (19,032) | - | - | (19,032) |
| Tool and equipment | - | (13,645) | - | - | (13,645) |
| Total | - | <u>(131,824)</u> | - | - | <u>(131,824)</u> |
| Investment property-net | - | | | | <u>231,818,176</u> |

| | Baht | |
|---------------------------------------|----------------|----------|
| | 2018 | 2017 |
| Depreciation for the years | | |
| - selling and administrative expenses | 131,824 | - |
| Total | <u>131,824</u> | <u>-</u> |

During the year 2018, the Company has changed its objective for land holding from previously determined future use to be as held for capital appreciation. Therefore, the Company transferred such owner-occupied land as investment property with the cost at Baht 114.95 million. Moreover, the Company was appraised by an independent appraiser by applying the market price approach in the valuation. According to the report dated September 17, 2018, investment property had its fair value in the amount of Baht 117.04 million.

According to the Board of Directors' Meeting No. 5/2018 held on November 9, 2018, the Board of Directors had a resolution to approve entering into the to buy/to sell land and building agreement for the purpose to use as a single warehouse in the future. Later, the Company has entered into to buy/to sell land and building agreement at the amount of Baht 117.00 million. However, currently such land and building have two renters. The lease agreements end on March 15, 2019 and April 30, 2020. The Company had rental incomes of investment property for the year ended December 31, 2018 in total amount of Baht 922,886 and recognized as operating expenses amounting to Baht 131,824.

11. PROPERTY, AND EQUIPMENT

Property, and equipment were consisted of:

| | Baht | | | | Balance Dec. 31, 2018 |
|-------------------------------------|---------------------------|------------------------------|---------------------|----------------------|--------------------------|
| | Balance Dec. 31, 2017 | Transactions during the year | | | |
| | Additions | Decrease | Transfer in/out | | |
| <u>Cost</u> | | | | | |
| Land | 114,950,000 | - | - | (114,950,000) | - |
| Tool and equipment | 3,686,673 | 624,263 | (142,283) | 11,781 | 4,180,434 |
| Furniture and office equipment | 24,913,580 | 1,757,113 | (1,025,223) | - | 25,645,470 |
| Vehicles | 26,130,288 | 4,661,404 | (5,359,657) | - | 25,432,035 |
| Assets for rental and demonstration | 36,680,064 | 5,838,956 | (4,840,241) | - | 37,678,779 |
| Asset in progress | - | 34,211 | - | (11,781) | 22,430 |
| Total | <u>206,360,605</u> | <u>12,915,947</u> | <u>(11,367,404)</u> | <u>(114,950,000)</u> | <u>92,959,148</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Tool and equipment | (2,590,154) | (553,771) | 138,882 | - | (3,005,043) |
| Furniture and office equipment | (13,855,517) | (4,599,305) | 747,725 | - | (17,707,097) |
| Vehicles | (14,396,823) | (2,381,448) | 3,330,749 | - | (13,447,522) |
| Assets for rental and demonstration | (25,049,860) | (4,427,130) | 3,358,249 | - | (26,118,741) |
| Total | <u>(55,892,354)</u> | <u>(11,961,654)</u> | <u>7,575,605</u> | <u>-</u> | <u>(60,278,403)</u> |
| Property and equipment-net | <u><u>150,468,251</u></u> | | | | <u><u>32,680,745</u></u> |

| | Baht | | | | Balance Dec. 31, 2017 |
|-------------------------------------|--------------------------|------------------------------|--------------------|------------------|--------------------------|
| | Balance Dec. 31, 2016 | Transactions during the year | | | |
| | | Additions | Decrease | Transfer in/out | |
| <u>Cost</u> | | | | | |
| Land | - | 114,950,000 | - | - | 114,950,000 |
| Tool and equipment | 3,426,173 | 244,141 | (19,146) | 35,505 | 3,686,673 |
| Furniture and office equipment | 23,809,369 | 1,616,007 | (511,796) | - | 24,913,580 |
| Vehicles | 27,550,904 | 829,501 | (2,250,117) | - | 26,130,288 |
| Assets for rental and demonstration | 34,646,278 | 6,032,510 | (3,846,614) | (152,110) | 36,680,064 |
| Total | <u>89,432,724</u> | <u>123,672,159</u> | <u>(6,627,673)</u> | <u>(116,605)</u> | <u>206,360,605</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Tool and equipment | (1,986,238) | (598,494) | 11,374 | (16,796) | (2,590,154) |
| Furniture and office equipment | (9,796,693) | (4,522,313) | 463,489 | - | (13,855,517) |
| Vehicles | (13,503,557) | (2,294,351) | 1,401,085 | - | (14,396,823) |
| Assets for rental and demonstration | (22,580,953) | (4,872,220) | 2,244,910 | 158,403 | (25,049,860) |
| Total | <u>(47,867,441)</u> | <u>(12,287,378)</u> | <u>4,120,858</u> | <u>141,607</u> | <u>(55,892,354)</u> |
| Property and equipment-net | <u>41,565,283</u> | | | | <u>150,468,251</u> |

| | Baht | |
|---------------------------------------|-------------------|-------------------|
| | 2018 | 2017 |
| Depreciation for the years | | |
| - cost of sale | 4,189,592 | 4,502,127 |
| - selling and administrative expenses | 7,772,062 | 7,785,251 |
| Total | <u>11,961,654</u> | <u>12,287,378</u> |

As at December 31, 2018 and 2017, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 27.69 million and Baht 24.30 million, respectively.

According to the minutes of the Board of Directors' Meeting No.4/2017 dated October 18, 2017, it had a unanimous resolution to approve purchasing land size 5 - 0 - 90 rai, amounted Baht 114.95 million which is located in Tambon Dok Mai (North Samrong) Praveh (Prakhanong) Bangkok to increase the warehouse center management efficiency, and the ownership already transferred at Land Department is on October 30, 2017. During the year 2018, the Company has transferred the such land to become investment property (Note 10).

12. 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.

Testing for impairment of goodwill

During the year ended December 31, 2018 and 2017, the Company has tested for impairment of goodwill that arises from the acquisition of Chillmatch Co., Ltd. and Q II S Co., Ltd. which were the subsidiaries under Entire Business Transfer (EBT) process and allocation of Cash Generating Unit (“CGU”) which consists of Refrigeration System Unit and Digital Printing System Unit by comparing the carrying amount of the unit includes the goodwill, with the recoverable amount. The recovery amount was based on its value in use, determined by future cash flows to be generated from the continuing use of the unit. The cash flows were projected over a period of 5 years before a terminal growth rate.

After consideration, management believed that goodwill is not impaired.

The key assumptions used in estimating the value in use are as follows:

| Key assumption | Value | Approach used to determine the value |
|------------------------------|--|---|
| - Discount rate | 10.05% Weighted Average Cost of Capital: WACC) | The discount rate which is a pre-tax rate that reflects the specific risk of the particular business unit |
| - Terminal Value Growth Rate | 0% | Appropriate estimated rate |

13. CUSTOMER RELATIONSHIP

Customer relationship were consisted of:

| | Baht | | | |
|--------------------------------------|--------------------|------------------------------|----------|-------------------|
| | Balance | Transactions during the year | | Balance |
| | Dec. 31, 2017 | Addition | Decrease | Dec. 31, 2018 |
| <u>Cost</u> | | | | |
| Customer relationship | 104,307,663 | - | - | 104,307,663 |
| <u>Less</u> accumulated amortization | (16,225,661) | (14,901,094) | - | (31,126,755) |
| Customer relationship - net | <u>88,082,002</u> | | | <u>73,180,908</u> |
| | | | | |
| | Baht | | | |
| | Balance | Transactions during the year | | Balance |
| | Dec. 31, 2016 | Addition | Decrease | Dec. 31, 2017 |
| <u>Cost</u> | | | | |
| Customer relationship | 104,307,663 | - | - | 104,307,663 |
| <u>Less</u> accumulated amortization | (1,324,566) | (14,901,095) | - | (16,225,661) |
| Customer relationship - net | <u>102,983,097</u> | | | <u>88,082,002</u> |

| | Baht | |
|--|-------------------|-------------------|
| | 2018 | 2017 |
| | <u>14,901,094</u> | <u>14,901,095</u> |
| Amortization cost for the years - selling expenses | | |

14. INTANGIBLE ASSET

Intangible asset were consisted of:

| | Baht | | | | Balance Dec. 31, 2018 |
|--------------------------------------|--------------------------|------------------------------|----------|-----------|--------------------------|
| | Balance Dec. 31, 2017 | Transactions during the year | | | |
| | | Addition | Decrease | Transfer | |
| | | | | In / out | |
| <u>Cost</u> | | | | | |
| Software licenses | 36,323,635 | 495,729 | - | 752,300 | 37,571,664 |
| Software in progress | 409,490 | 446,810 | - | (752,300) | 104,000 |
| Total | <u>36,733,125</u> | <u>942,539</u> | <u>-</u> | <u>-</u> | <u>37,675,664</u> |
| <u>Less</u> Accumulated amortization | | | | | |
| Software licenses | (9,431,776) | (4,264,545) | - | - | (13,696,321) |
| Total | <u>(9,431,776)</u> | <u>(4,264,545)</u> | <u>-</u> | <u>-</u> | <u>(13,696,321)</u> |
| Intangible asset-net | <u>27,301,349</u> | | | | <u>23,979,343</u> |

| | Baht | | | | Balance Dec. 31, 2017 |
|--------------------------------------|--------------------------|------------------------------|-----------------|----------------|--------------------------|
| | Balance Dec. 31, 2016 | Transactions during the year | | | |
| | | Addition | Decrease | Transfer | |
| | | | | In / out | |
| <u>Cost</u> | | | | | |
| Software licenses | 32,397,269 | 3,926,366 | - | - | 36,323,635 |
| Software in progress | 40,000 | 418,950 | (40,000) | (9,460) | 409,490 |
| Total | <u>32,437,269</u> | <u>4,345,316</u> | <u>(40,000)</u> | <u>(9,460)</u> | <u>36,733,125</u> |
| <u>Less</u> Accumulated amortization | | | | | |
| Software licenses | (5,688,561) | (3,743,215) | - | - | (9,431,776) |
| Total | <u>(5,688,561)</u> | <u>(3,743,215)</u> | <u>-</u> | <u>-</u> | <u>(9,431,776)</u> |
| Intangible asset-net | <u>26,748,708</u> | | | | <u>27,301,349</u> |

| | Baht | |
|---------------------------------------|------------------|------------------|
| | 2018 | 2017 |
| | <u>766,137</u> | <u>366,813</u> |
| Amortization cost for the years | | |
| - cost of sale | | |
| - selling and administrative expenses | <u>3,498,408</u> | <u>3,376,402</u> |
| Total | <u>4,264,545</u> | <u>3,743,215</u> |

As at December 31, 2018 and 2017, the Company had intangible assets which were fully depreciated but still in use with the cost price of Baht 1.05 million and Baht 1.01 million, respectively.

15. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of:

| | Baht | |
|---|---------------------------|---------------------------|
| | 2018 | 2017 |
| Trade payables | | |
| Trade payables - other companies | 128,374,706 | 109,507,541 |
| Other payables | | |
| Other payables | 6,363,099 | 7,635,292 |
| Accrued commission expenses | 15,545,412 | 15,724,913 |
| Accrued bonus | 17,851,309 | 17,038,854 |
| Advance from customers for goods and services | 29,354,624 | 13,667,774 |
| Accrued expenses | 7,239,383 | 6,554,919 |
| Other | 5,452,525 | 4,345,883 |
| Total | <u>81,806,352</u> | <u>64,967,635</u> |
| Total trade and other payables | <u><u>210,181,058</u></u> | <u><u>174,475,176</u></u> |

16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2018 and 2017 were summarized as follows:

| | Baht | | | Balance as at Dec. 31, 2018 |
|--|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Balance as at Dec. 31, 2017 | Income (expenses) during the year | | |
| | | In profit or loss | In other comprehensive income | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | 881,759 | 233,664 | - | 1,115,423 |
| Allowance for devaluation of inventories | 2,682,624 | 544,836 | - | 3,227,460 |
| Allowance for impairment of investment | 1,195 | - | - | 1,195 |
| Employee's benefit obligations | 2,507,594 | 359,342 | - | 2,866,936 |
| Foreign currency forward contracts | 115,358 | (20,329) | - | 95,029 |
| Total | <u>6,188,530</u> | <u>1,117,513</u> | <u>-</u> | <u>7,306,043</u> |
| Deferred tax liabilities: | | | | |
| Inventories (from fair value adjustment of business combination) | 257,334 | 96,979 | - | 160,355 |
| Equipment (from fair value adjustment of business combination) | 833,261 | 366,814 | - | 466,447 |
| Unrealized gain (loss) on temporary investments | 363,008 | 105,947 | - | 257,061 |
| Customer relationship (from fair value adjustment of business combination) | 17,616,400 | 2,980,219 | - | 14,636,181 |
| Depreciation of equipment | 274,637 | 68,502 | - | 206,135 |
| Finance lease assets | 298,687 | (1,026,139) | - | 1,324,826 |
| Total | <u>19,643,327</u> | <u>2,592,322</u> | <u>-</u> | <u>17,051,005</u> |
| Deferred tax assets (liabilities) - net | <u>(13,454,797)</u> | | | <u>(9,744,962)</u> |
| Deferred tax income (expenses) - net | | <u>3,709,835</u> | <u>-</u> | |

| | Baht | | | Balance as at Dec. 31, 2017 |
|--|--------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| | Balance as at Dec. 31, 2016 | Income (expenses) during the year | | |
| | | In profit or loss | In other comprehensive income | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | 1,195,632 | (313,873) | - | 881,759 |
| Allowance for devaluation of inventories | 2,995,730 | (313,106) | - | 2,682,624 |
| Allowance for impairment of investment | 1,195 | - | - | 1,195 |
| Employee's benefit obligations | 2,018,065 | 480,295 | 9,234 | 2,507,594 |
| Foreign currency forward contracts | 35,709 | 79,649 | - | 115,358 |
| Total | <u>6,246,331</u> | <u>(67,035)</u> | <u>9,234</u> | <u>6,188,530</u> |
| Deferred tax liabilities: | | | | |
| Inventories (from fair value adjustment of business combination) | 1,510,907 | 1,253,573 | - | 257,334 |
| Equipment (from fair value adjustment of business combination) | 1,280,764 | 447,503 | - | 833,261 |
| Unrealized gain (loss) on temporary investments | 1,432,885 | 1,069,877 | - | 363,008 |
| Customer relationship (from fair value adjustment of business combination) | 20,596,619 | 2,980,219 | - | 17,616,400 |
| Depreciation of equipment | 275,685 | 1,048 | - | 274,637 |
| Finance lease assets | 106,499 | (192,188) | - | 298,687 |
| Total | <u>25,203,359</u> | <u>5,560,032</u> | <u>-</u> | <u>19,643,327</u> |
| Deferred tax assets (liabilities) - net | <u>(18,957,028)</u> | | | <u>(13,454,797)</u> |
| Deferred tax income (expenses) - net | | <u>5,492,997</u> | <u>9,234</u> | |

17. EMPLOYEE'S BENEFIT OBLIGATIONS

Movements of employee's benefit obligations for the years ended December 31, 2018 and 2017 were as follows:

| | Baht | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| Beginning balance defined benefit obligations | 14,897,993 | 13,910,041 |
| Current service costs and interest | 1,772,906 | 2,842,780 |
| Actuarial (gain) loss | - | 46,172 |
| Benefits paid by the plan | - | (1,901,000) |
| Ending balance defined benefit obligations | <u>16,670,899</u> | <u>14,897,993</u> |

The statements of comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

| | Baht | |
|-------------------------|-----------|-----------|
| | 2018 | 2017 |
| Current service costs | | |
| Cost of sales | 207,419 | 322,323 |
| Selling expenses | 478,869 | 597,060 |
| Administrative expenses | 673,138 | 1,419,061 |
| Total | 1,359,426 | 2,338,444 |
| Interest on obligation | 413,480 | 504,336 |
| Total | 1,772,906 | 2,842,780 |

Principal actuarial assumptions at the reporting date for the years ended December 31, 2018 and 2017 are as follow:

| | Percentage | |
|------------------------|--|--|
| | 2018 | 2017 |
| Discount rate | 2.40 - 2.99 | 2.40 - 2.99 |
| Salary increase rate | 4.50 | 4.50 |
| Employee turnover rate | 0 - 29 | 0 - 29 |
| Mortality rate | Thai Mortality Ordinary Table 2017 | Thai Mortality Ordinary Table 2017 |

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 and 2017 are summarized below:

| | 2018 | | | |
|----------------------|-------------|-----------------|-------------|-------------|
| | % | | Baht | |
| | increase | decrease | increase | decrease |
| Discount rate | 2.90 - 3.49 | (1.90) - (2.49) | (747,102) | 804,187 |
| Salary increase rate | 1 | (1) | 1,481,105 | (1,289,997) |
| Turnover rate | 20 | (20) | (1,970,811) | 2,420,057 |
| Mortality rate | 20 | (20) | (184,305) | 187,015 |

| | 2017 | | | |
|----------------------|-------------|-----------------|-------------|-------------|
| | % | | Baht | |
| | increase | decrease | increase | decrease |
| Discount rate | 2.90 - 3.49 | (1.90) - (2.49) | (721,984) | 778,277 |
| Salary increase rate | 1 | (1) | 1,303,244 | (1,138,810) |
| Turnover rate | 20 | (20) | (1,702,110) | 2,069,337 |
| Mortality rate | 20 | (20) | (163,821) | 166,202 |

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a New Labour Protection Act, which is in the process being enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. When the labour law comes into force, the Company will recognize the increase in the employee benefits obligations approximately Baht 3.90 million, resulting in the decrease in profit approximately Baht 3.12 million.

18. THE EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

On May 22, 2015, the Securities and Exchange Commission approved the Employee Joint Investment Program (EJIP). The details of the program are as follows;

| | |
|---------------------------------------|---|
| The period of EJIP | May 1, 2015 to April 30, 2020, with a total duration of 5 years. |
| Eligible employees under EJIP | The employees has over one year working experience or employees at director on the voluntary basis. |
| EJIP arrangement | The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of each month and director at the rate 5-25% of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis. |
| EJIP buying schedule | Monthly basis. |
| Conditions for holding the securities | During the 1 st year - 2 st year, cannot sell any shares After the 2 nd year, can sell 25% of accumulated shares After the 3 rd year, can sell 50% of accumulated shares After the 4 th year, can sell 75% of accumulated shares After the 5 th year, can sell all shares |
| EJIP program manager | Philip Securities (Thailand) Public Company Limited |

During the years 2018 and 2017, the Company contributed Baht 4.30 million and Baht 3.42 million, respectively, to the program.

19. PREMIUM ON ORDINARY SHARES

According to the Public Companies Act B.E. 2535, under the provision of section 51, the Company is required to set aside share subscription received in excess of the par value of the shares issued to a reserve account (“premium on ordinary shares”). The premium on ordinary shares is not available for dividend distribution.

20. LEGAL RESERVE

According to the Public Companies Act B.E. 2535, under provision of section 115, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve could not be used for dividend payment.

21. APPROPRIATION OF RETAINED EARNINGS

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 28, 2018.

On February 24, 2017, the Company’s Board of Directors No. 1/2017 passed the resolution to declare dividend at Baht 0.09 per share for 584,500,000 issued and paid up ordinary shares, in total amount of Baht 52,605,000. The dividend declaration had been approved from Annual General Shareholders’ Meeting No. 1/2017 on April 28, 2017.

22. PROVIDENT FUND

The Company 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 Company. The Fund is managed by UOB Asset Management (Thailand) Company Limited. This Fund is registered under the conditions of Ministry of Finance and the Fund is managed by the approved fund manager.

For the years ended December 31, 2018 and 2017, the Company paid contributions to provident fund and recognized as expenses amounting to Baht 3.69 million and Baht 3.47 million, respectively.

23. 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 |

Operating segment by business in the statement of comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

| | Baht | | | | | | | | | |
|--|---------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|
| | 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 | 455,822,992 | 89,327,713 | 320,393,769 | 333,419,406 | 1,198,963,880 | 482,078,671 | 86,175,228 | 312,505,656 | 281,031,062 | 1,161,790,617 |
| Revenue from rendering of services | 113,762,085 | - | - | 31,540,724 | 145,302,809 | 97,465,789 | - | - | 26,708,105 | 124,173,894 |
| Cost of sale of goods | (321,576,984) | (66,951,338) | (220,848,813) | (193,131,822) | (802,508,957) | (352,168,434) | (63,920,498) | (216,282,256) | (156,017,348) | (788,388,536) |
| Cost of rendering of services | (98,996,395) | - | - | (29,722,422) | (128,718,817) | (84,366,682) | - | - | (24,791,098) | (109,157,780) |
| Gross profit | 149,011,698 | 22,376,375 | 99,544,956 | 142,105,886 | 413,038,915 | 143,009,344 | 22,254,730 | 96,223,400 | 126,930,721 | 388,418,195 |
| Other income | | | | | 11,749,984 | | | | | 14,736,394 |
| Selling expenses | | | | | (118,974,255) | | | | | (105,189,730) |
| Administrative expenses | | | | | (138,307,328) | | | | | (136,830,200) |
| Finance cost | | | | | (341) | | | | | (239) |
| Profit before income tax expense | | | | | 167,506,975 | | | | | 161,134,420 |
| Income tax expense | | | | | (33,148,221) | | | | | (31,455,326) |
| Profit for the years | | | | | 134,358,754 | | | | | 129,679,094 |
| Other comprehensive income (expense) | | | | | - | | | | | (36,937) |
| Total comprehensive income for the years | | | | | 134,358,754 | | | | | 129,642,157 |

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

| | Baht | | | | | | | | | |
|---|--------------------|-------------------|--------------------|--------------------|----------------------|--------------------|-------------------|--------------------|--------------------|----------------------|
| | 2018 | | | | | 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 | 117,937,369 | 21,920,000 | 64,914,818 | 58,336,509 | 263,108,696 | 118,277,781 | 19,084,979 | 70,716,894 | 54,807,487 | 262,887,141 |
| Inventories | 150,572,953 | 11,878,951 | 72,802,342 | 69,185,058 | 304,439,304 | 136,777,641 | 9,087,611 | 87,324,064 | 58,076,767 | 291,266,083 |
| Customer relationship | - | - | 52,858,177 | 20,322,731 | 73,180,908 | - | - | 63,624,490 | 24,457,512 | 88,082,002 |
| Goodwill | - | - | 200,066,500 | 134,605,561 | 334,672,061 | - | - | 200,066,500 | 134,605,561 | 334,672,061 |
| Assets under common use | | | | | | | | | | |
| - Investment property | - | - | - | - | 231,818,176 | - | - | - | - | - |
| - Plant and equipment | - | - | - | - | 32,680,745 | - | - | - | - | 150,468,251 |
| - Intangible assets | - | - | - | - | 23,979,343 | - | - | - | - | 27,301,349 |
| - Others | - | - | - | - | 284,707,228 | - | - | - | - | 302,664,893 |
| Total assets for reportable segments | <u>268,510,322</u> | <u>33,798,951</u> | <u>390,641,837</u> | <u>282,449,859</u> | <u>1,548,586,461</u> | <u>255,055,422</u> | <u>28,172,590</u> | <u>421,731,948</u> | <u>271,947,327</u> | <u>1,457,341,780</u> |
| Total liabilities for reportable segments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>281,381,013</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>242,665,142</u> |

For the years ended December 31, 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 years ended December 31, 2018 and 2017, the Company has revenue from service with 2 major customers in amount of Baht 42.98 million and Baht 25.86 million, respectively.

24. EXPENSE BY NATURE

Expenses by nature for the years ended December 31, 2018 and 2017 consist of the significant expenses were as follows:

| | Baht | |
|------------------------------------|----------------------|----------------------|
| | 2018 | 2017 |
| Purchases of finished goods | 813,401,193 | 842,886,768 |
| Other changes in finished goods | (20,268,938) | (56,604,417) |
| Employee expenses | 196,747,200 | 180,480,747 |
| Office rental and service expenses | 14,249,352 | 13,892,961 |
| Depreciation and amortization | 31,259,117 | 30,931,688 |
| Others | 153,121,774 | 127,978,738 |
| Total | <u>1,188,509,698</u> | <u>1,139,566,485</u> |

25. TAX EXPENSE (INCOME)

25.1 Major components of tax expense (income)

For the years ended December 31, 2018 and 2017 consisted of:

| | Baht | |
|--|-------------------|-------------------|
| | 2018 | 2017 |
| Income tax expense (income) shown in profit or loss : | | |
| Current tax expense: | | |
| Income tax expense for the years | 36,858,056 | 36,948,323 |
| Deferred tax expense (income): | | |
| Changes in temporary differences relating to the original recognition and reversal | (3,709,835) | (5,492,997) |
| Total | <u>33,148,221</u> | <u>31,455,326</u> |

25.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate.

For the years ended December 31, 2018 and 2017, which were summarized as follows:

| | Baht | |
|---|-------------|-------------|
| | 2018 | 2017 |
| Accounting profit (loss) for the years | 167,506,975 | 161,134,420 |
| The applicable tax rate (%) | 20% | 20% |
| Tax expense (income) at the applicable tax rate | 33,501,395 | 32,226,884 |
| Reconciliation items: | | |
| Tax effect of expenses that are not deductible in determining tax profit: | | |
| - Expenses not allowed as expenses in determining taxable profit | 20,775 | 92,100 |
| Addition expenses deductible for tax purpose | (373,949) | (650,664) |
| Others | - | (212,994) |
| Total reconciliation items | (353,174) | (771,558) |
| Total tax expense (income) | 33,148,221 | 31,455,326 |

25.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate.

For the years ended December 31, 2018 and 2017 were summarized as follows:

| | 2018 | | 2017 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Tax amount (Baht) | Tax rate (%) | Tax amount (Baht) | Tax rate (%) |
| Accounting profit (loss) before tax expense for the years | 167,506,975 | | 161,134,420 | |
| Tax expense (income) at the applicable tax rate | 33,501,395 | 20.00 | 32,226,884 | 20.00 |
| Reconciliation items | (353,174) | (0.21) | (771,558) | (0.48) |
| Tax expense (income) at the average effective tax rate | 33,148,221 | 19.79 | 31,455,326 | 19.52 |

26. BASIC EARNINGS PER SHARE

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

| | 2018 | 2017 |
|---|-------------|-------------|
| Profit for the years (Baht) | 134,358,754 | 129,679,094 |
| Weighted average number of ordinary shares (Shares) | 584,500,000 | 584,500,000 |
| Basic earnings per share (Baht per share) | 0.23 | 0.22 |

27. COMMITMENTS AND CONTINGENT LIABILITIES

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

27.1 As at December 31, 2018 and 2017, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 21.86 million and Baht 18.78 million, respectively.

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

| Type of credit | Facilities (Million Baht) | | Referred interest rate (% per annum) | |
|--|---------------------------|---------------|--------------------------------------|---------------|
| | 2018 | 2017 | 2018 | 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 | 54.00 | 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 | 792.39 | 762.86 | | |
| Forward foreign exchange contracts (Million US dollars) | 3.00 | 3.00 | | |

27.3 Minimum lease and service payments are as follows :

| Payment periods | Million Baht | |
|--|--------------|-------|
| | 2018 | 2017 |
| Due not later than 1 year | 11.92 | 13.71 |
| Due later than 1 year but not later than 5 years | 1.57 | 12.65 |

Rental and service expenses for the years ended December 31, 2018 and 2017 are Baht 14.25 million and Baht 13.89 million, respectively.

28. 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 December 31, 2017 and 2016, 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 :

| | Baht | | | |
|---|---------|-------------|---------|-------------|
| | 2018 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets (liabilities) measured at fair value | | | | |
| Investments in investment units | - | 167,434,994 | - | 167,434,994 |
| Foreign currency forward contracts | - | (1,677,459) | - | (1,677,459) |

| | Baht | | | |
|---|---------|-------------|---------|-------------|
| | 2017 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets (liabilities) measured at fair value | | | | |
| Investments in investment units | - | 199,119,259 | - | 199,119,259 |
| Foreign currency forward contracts | - | (514,283) | - | (514,283) |

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 December 31, 2018 and 2017.

| Financial assets and financial liabilities | Fair value (Baht) | | Fair value Hierarchy | Valuation techniques and key inputs for fair value measurement |
|--|-------------------|-----------|----------------------|---|
| | 2018 | 2017 | | |
| <u>Financial assets (liabilities)</u> | | | | |
| Foreign currency forward contracts | (1,677,459) | (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. |

These financial assets and financial liabilities are presented as a part of other current assets and other current liabilities in the statement of financial position.

Valuation technique for financial instruments not measured at fair value of the Company are as follows:

Cash and cash equivalents, trade and other receivables, current portion of financial lease receivable had carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

General investment had not significantly different from the carrying values stated in the reporting date.

Trade and other payables, short-term provisions and other current liabilities - the carrying amounts stated in the reporting date of these financial liabilities approximate their fair values because of the short-term period to maturity of these financial instruments.

29. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to normal business risks from changes in interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or use derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Company primarily utilizes forward foreign exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward foreign exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

As at December 31, 2018 and 2017, the Company has financial liabilities in foreign currencies as follows;

| | Foreign Currencies | |
|------------|--------------------|---------|
| | 2018 | 2017 |
| Not hedged | | |
| US dollar | 324,629 | 288,857 |
| SG dollar | 1,000 | 200 |
| EURO | 266,459 | 111,944 |
| GBP | - | 80,109 |

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

30. ESTABLISHMENT OF A SUBSIDIARY IN VIETNAM

According to the resolution of the Board of Directors Meeting No. 5/2018 on November 9, 2018, the Board of Directors approved the registration of the establishment of a company in Vietnam with registered capital of Vietnamese Dong 800 million (or approximately Baht 1.14 million). The company holds 100% of the shares, then after investment, such company will be a subsidiary of the Company. The objective of this investment is to increase competitiveness and increase efficiency in customer service, by starting from the business unit "Digital Printing System". Presently, the company is registering for a trade license operate business and open overseas bank account (Offshore Account) in the name of the Company for spending a expense of the registration, lawyer fee and office expenses to be the contribution capital.

31. EVENT AFTER THE REPORTING PERIOD

31.1 Increase of registered capital of a subsidiary in Vietnam

According to the resolution of the Board of Directors' Meeting No. 1/2562 on February 28, 2019, the Board of Directors approved the increase of the registered capital of the subsidiary (Note 30) from Vietnamese Dong 800 million to Vietnamese Dong not over 2,400 million in order to be sufficient for the operation and support for working capital. However, the total amount when combined with the registered capital will not exceed Baht 4.5 million.

31.2 Dividend payment

According to the resolution of the Board of Directors' Meeting No. 1/2562 on February 28, 2019, the Board of Directors approved dividend payment at Baht 0.16 per share for 584,500,000 issued and paid up ordinary shares, in total amount of Baht 93,520,000. The dividend declaration will be proposed to the next Annual General Shareholders' Meeting for approval.

32. RECLASSIFICATIONS

Certain reclassifications have been made in the statements of profit or loss and other comprehensive income for the years ended December 31, 2017 to conform to the classifications used in the statements of profit or loss and other comprehensive income for the years ended December 31, 2018 as follows:

| | Baht | | |
|------------------------------------|--------------------------------------|------------------------|-----------------|
| | For the year ended December 31, 2017 | | |
| | As previously reported | Increase (decrease) | As reclassified |
| Revenues from sales | 1,153,918,431 | 7,872,186 | 1,161,790,617 |
| Revenue from rendering of services | 132,046,080 | (7,872,186) | 124,173,894 |
| Cost of sales | 788,388,567 | (31) | 788,388,536 |
| Cost of rendering of services | 116,652,267 | (7,494,487) | 109,157,780 |
| Selling expenses | 89,368,921 | 15,820,809 | 105,189,730 |
| Administrative expenses | 145,156,491 | (8,326,291) | 136,830,200 |

33. THE NEWLY ISSUED AND REVISED FINANCIAL REPORTING STANDARDS AND EFFECTIVE IN THE FUTURE

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are newly issued and revised.

These newly issued and revised financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2019 are as follows:

| | |
|------------------------|--|
| TAS 1 (revised 2018) | Presentation of Financial Statements |
| TAS 2 (revised 2018) | Inventories |
| TAS 7 (revised 2018) | Statement of Cash Flows |
| TAS 8 (revised 2018) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2018) | Events After the Reporting Period |
| TAS 12 (revised 2018) | Income Taxes |
| TAS 16 (revised 2018) | Property, Plant and Equipment |
| TAS 17 (revised 2018) | Leases |
| TAS 19 (revised 2018) | Employee Benefits |
| TAS 20 (revised 2018) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2018) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2018) | Borrowing Costs |
| TAS 24 (revised 2018) | Related Party Disclosures |
| TAS 26 (revised 2018) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2018) | Separate Financial Statements |
| TAS 28 (revised 2018) | Investments in Associates and Joint Ventures |
| TAS 29 (revised 2018) | Financial Reporting in Hyperinflationary Economies |
| TAS 33 (revised 2018) | Earnings Per Share |
| TAS 34 (revised 2018) | Interim Financial Reporting |
| TAS 36 (revised 2018) | Impairment of Assets |
| TAS 37 (revised 2018) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2018) | Intangible assets |
| TAS 40 (revised 2018) | Investment Property |
| TAS 41 (revised 2018) | Agriculture |
| TFRS 1 | First-time Adoption of International Financial Reporting Standards |
| TFRS 2 (revised 2018) | Share-Based Payment |
| TFRS 3 (revised 2018) | Business Combinations |
| TFRS 4 (revised 2018) | Insurance Contracts |
| TFRS 5 (revised 2018) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 (revised 2018) | Exploration for and Evaluation of Mineral Resource |
| TFRS 8 (revised 2018) | Operating Segments |
| TFRS 10 (revised 2018) | Consolidated Financial Statements |

| | |
|-------------------------|--|
| TFRS 11 (revised 2018) | Joint Arrangements |
| TFRS 12 (revised 2018) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2018) | Fair Value Measurement |
| TFRS 15 | Revenue from Contracts with Customers |
| TSIC 10 (revised 2018) | Government Assistance - No Specific Relation to Operating Activities |
| TSIC 15 (revised 2018) | Operating Leases - Incentives |
| TSIC 25 (revised 2018) | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |
| TSIC 27 (revised 2018) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 (revised 2018) | Service Concession Arrangements: Disclosure |
| TSIC 32 (revised 2018) | Intangible Assets - Web Site Costs |
| TFRIC 1 (revised 2018) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2018) | Determining whether an Arrangement contains a Lease |
| TFRIC 5 (revised 2018) | Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 (revised 2018) | Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economics |
| TFRIC 10 (revised 2018) | Interim Financial Reporting and Impairment |
| TFRIC 12 (revised 2018) | Service Concession Arrangements |
| TFRIC 14 (revised 2018) | TAS 19 (revised 2018)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 17 (revised 2018) | Distributions of Non - cash Assets to Owners |
| TFRIC 20 (revised 2018) | Stripping Costs in the Production Phase of a Surface Mine |
| TFRIC 21 (revised 2018) | Levies |

Newly financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2020 are as follows.

| | |
|----------|---|
| 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 |

The management of the Company believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are newly issued and revised will not have any significant impact on the financial statements for the year when they are initially applied.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 28, 2019.