

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of Harn Engineering Solutions Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Harn Engineering Solutions Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2021, 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 consolidated financial position of Harn Engineering Solutions Public Company Limited and its subsidiaries as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Harn Engineering Solutions Public Company Limited as at December 31, 2021, 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 Group and 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.

Emphasis of Matters

I draw attention to Note 2.5 to the financial statements. In the presentation of the financial statements for the year ended December 31, 2021, the Company has corrected the prior period's financial statements regarding the transactions recording related to share-based payments. The comparative information presented herewith has already been adjusted on such matter.

My opinion to the financial statements is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and separate 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 Group and the Company had revenue from sales and service derived from five main business segments which are fire protection and projects, sanitary and air-conditioning systems, cold storage devices digital printing system and building-IoT solutions, for the year ended December 31, 2021 amounting to Baht 1,025.98 million and Baht 1,011.62 million, respectively, which have different terms and pricing conditions, including revenue from services under the fire protection installation project and building-IoT solutions, amounting to Baht 63.70 million and Baht 58.76 million or 6.21% and 5.81% of the Group's and the Company's total revenue from sales and service, respectively. The estimate of a performance obligation under the project agreement has an effect on the revenue that the Group and the Company recognized over time, which it has to recognize by the measuring progress towards complete satisfaction of a performance obligation as at December 31, 2021. 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 Group and the Company had 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 26, 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 Group and the Company had goodwill of Baht 334.67 million and Baht 334.67 million or 19.85% and 19.89% of total assets as at December 31, 2021, respectively, which is the goodwill arising from the acquisition and transfer of the entire business, which is the cold storage devices segment and digital printing system segment. The Group and the Company have 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 Group and the Company have disclosed goodwill in the notes to the financial statements No. 3.10 which describes the accounting policies and No.14 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and 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 consolidated financial statements and separate 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 consolidated financial statements and separate 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 consolidated financial statements and separate 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 Group's and 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 Group's and 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 consolidated financial statements and separate 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 Group and the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 consolidated financial statements and separate 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 25, 2022

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

		<u>ASSETS</u>			
		Baht			
		Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
			(Restated)		(Restated)
	Note				
CURRENT ASSETS					
Cash and cash equivalents	5	242,830,421	306,074,340	237,687,826	299,318,282
Trade and other current receivables	4.4, 6	255,438,587	250,986,608	253,139,212	250,372,389
Current contract assets	7	10,215,840	12,797,613	8,316,793	12,054,033
Short-term loans to related subsidiary	4.4	-	-	-	5,973,480
Inventories	8	328,295,971	257,851,968	325,990,471	254,155,366
Other current financial assets	9	39,614,195	6,957,944	39,614,195	6,957,944
Other current assets		1,306,314	399,582	1,113,274	342,083
TOTAL CURRENT ASSETS		877,701,328	835,068,055	865,861,771	829,173,577
NON-CURRENT ASSETS					
Investment in subsidiaries	10	-	-	2,357,444	2,357,444
Trade and other non-current receivables	6	9,182,927	11,251,986	9,182,927	11,251,986
Long-term loans to subsidiary	4.4	-	-	6,649,380	-
Investment property	11	153,942,681	154,591,332	153,942,681	154,591,332
Property, plant and equipment	12	135,775,492	129,528,171	135,659,285	129,411,048
Right-of-use assets	13	94,253,682	104,968,304	94,253,682	104,968,304
Goodwill	14	334,672,061	334,672,061	334,672,061	334,672,061
Customer relationship	15	26,477,794	40,332,654	26,477,794	40,332,654
Intangible assets	16	15,985,010	18,015,510	15,985,010	18,015,510
Deferred tax assets	17	9,425,953	4,589,612	9,389,839	4,572,978
Other non-current assets	4.4	28,306,373	25,186,460	28,306,373	25,186,460
TOTAL NON-CURRENT ASSETS		808,021,973	823,136,090	816,876,476	825,359,777
TOTAL ASSETS		1,685,723,301	1,658,204,145	1,682,738,247	1,654,533,354

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2021

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
CURRENT LIABILITIES					
Trade and other current payables	4.4, 18	203,950,149	167,659,996	202,279,112	164,045,038
Current portion of lease liabilities	4.4, 19	9,055,775	8,918,127	9,055,775	8,918,127
Short-term loan from related party	4.4	500,000	-	-	-
Corporate income tax payable		8,703,941	11,101,390	8,574,701	11,096,112
Other current provisions		2,097,485	1,750,320	2,097,485	1,750,320
Other current liabilities		1,410,913	1,644,589	1,410,913	1,644,589
TOTAL CURRENT LIABILITIES		225,718,263	191,074,422	223,417,986	187,454,186
NON-CURRENT LIABILITIES					
Lease liabilities	4.4, 19	87,382,191	96,052,606	87,382,191	96,052,606
Deffered tax liabilities	17	54,146	-	-	-
Non-current provisions for employee benefit	20	27,968,095	27,765,012	27,792,471	27,684,826
Other non-current liabilities		26,067,217	24,937,360	26,067,217	24,937,360
TOTAL NON-CURRENT LIABILITIES		141,471,649	148,754,978	141,241,879	148,674,792
TOTAL LIABILITIES		367,189,912	339,829,400	364,659,865	336,128,978

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2021

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht			
		Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
			(Restated)		(Restated)
SHAREHOLDERS' EQUITY	Note				
Share capital					
Authorized share capital					
584,500,000 ordinary shares of Baht 0.50 each		292,250,000	292,250,000	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	292,250,000	292,250,000
Share premium on ordinary shares	21	776,416,427	776,416,427	776,416,427	776,416,427
Surplus on share-based payment transaction	22	6,396,379	3,732,848	6,396,379	3,732,848
Retained earnings					
Appropriated					
Legal reserve	23	29,225,000	29,225,000	29,225,000	29,225,000
Unappropriated		213,716,829	216,598,102	213,790,576	216,780,101
Other components of shareholders' equity		(38,218)	(453,897)	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF					
THE PARENT		1,317,966,417	1,317,768,480	1,318,078,382	1,318,404,376
Non-controlling interest		566,972	606,265	-	-
TOTAL SHAREHOLDERS' EQUITY					
		1,318,533,389	1,318,374,745	1,318,078,382	1,318,404,376
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		1,685,723,301	1,658,204,145	1,682,738,247	1,654,533,354

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2021	2020 (Restated)	2021	2020 (Restated)
Revenues					
Revenues from sales	4.5	909,158,785	1,014,298,968	900,779,895	991,018,544
Revenue from rendering of services		116,823,737	138,026,608	110,838,266	133,939,773
Other income	4.5	20,149,943	17,100,899	21,186,787	16,930,894
Total revenues		<u>1,046,132,465</u>	<u>1,169,426,475</u>	<u>1,032,804,948</u>	<u>1,141,889,211</u>
Expenses					
Cost of sales		615,614,286	680,396,833	610,358,286	659,444,376
Cost of rendering of services		98,091,231	119,433,303	93,748,136	115,851,556
Distribution cost		107,571,584	108,689,563	105,425,962	107,445,685
Administrative expenses	4.5	132,500,700	139,105,101	131,158,613	138,030,922
Total expenses		<u>953,777,801</u>	<u>1,047,624,800</u>	<u>940,690,997</u>	<u>1,020,772,539</u>
Profit from operating activities		92,354,664	121,801,675	92,113,951	121,116,672
Finance cost	4.5	2,309,545	90,655	2,301,737	90,655
Profit before tax expenses		90,045,119	121,711,020	89,812,214	121,026,017
Tax expenses	28	17,813,273	23,821,695	17,649,327	23,833,054
Profit for the year		<u>72,231,846</u>	<u>97,889,325</u>	<u>72,162,887</u>	<u>97,192,963</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statement		415,679	(400,233)	-	-
		<u>415,679</u>	<u>(400,233)</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on re-measurements of defined benefit plans, net of tax	20	832,146	-	832,146	-
		<u>832,146</u>	<u>-</u>	<u>832,146</u>	<u>-</u>
Other comprehensive income (expense) for the year, net of tax		1,247,825	(400,233)	832,146	-
Total comprehensive income for the year		<u>73,479,671</u>	<u>97,489,092</u>	<u>72,995,033</u>	<u>97,192,963</u>
Profit attributable to					
Owners of the parent		72,271,139	97,983,060	72,162,887	97,192,963
Non-controlling interest		(39,293)	(93,735)	-	-
		<u>72,231,846</u>	<u>97,889,325</u>	<u>72,162,887</u>	<u>97,192,963</u>
Total comprehensive income attributable to					
Owners of the parent		73,518,964	97,582,827	72,995,033	97,192,963
Non-controlling interest		(39,293)	(93,735)	-	-
		<u>73,479,671</u>	<u>97,489,092</u>	<u>72,995,033</u>	<u>97,192,963</u>
Basic earnings per share					
Profit attributable to owners of the parent	29	0.12	0.17	0.12	0.17
Weighted average number of ordinary shares (shares)		<u>584,500,000</u>	<u>584,500,000</u>	<u>584,500,000</u>	<u>584,500,000</u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

		Baht								
		Consolidated financial statements								
		Equity attributable to owners of the parent					Non-controlling	Total		
		Issued and paid-up share capital	Premium on ordinary shares	Surplus on share-based payment transactions	Retained earnings		Other components of equity	Total equity attributable to owners of the parent	interest	shareholders' equity
					Appropriated legal reserve	Unappropriated	Exchange differences on translating financial statements			
Note										
	Beginning balance as at January 1, 2020	292,250,000	776,416,427	-	29,225,000	223,824,610	(53,664)	1,321,662,373	-	1,321,662,373
	Dividend	-	-	-	-	(105,209,568)	-	(105,209,568)	-	(105,209,568)
	Employee joint investment program expenses	-	-	6,602,402	-	-	-	6,602,402	-	6,602,402
	Treasury shares	-	-	(2,869,554)	-	-	-	(2,869,554)	-	(2,869,554)
	Total comprehensive income for the year									
	Profit (loss) for the year- as restated	-	-	-	-	97,983,060	-	97,983,060	(93,735)	97,889,325
	Other comprehensive income (expense) for the year	-	-	-	-	-	(400,233)	(400,233)	-	(400,233)
	Changes in non-controlling interest									
	Acquisition on investment in subsidiary	-	-	-	-	-	-	-	700,000	700,000
	Ending balance as at December 31, 2020	292,250,000	776,416,427	3,732,848	29,225,000	216,598,102	(453,897)	1,317,768,480	606,265	1,318,374,745
	Beginning balance as at January 1, 2021									
	- as previously reported	292,250,000	776,416,427	-	29,225,000	219,584,380	(453,897)	1,317,021,910	606,265	1,317,628,175
	The cumulative effect of correction of the financial statements	-	-	3,732,848	-	(2,986,278)	-	746,570	-	746,570
	Beginning balance as at January 1, 2021 - as restated	292,250,000	776,416,427	3,732,848	29,225,000	216,598,102	(453,897)	1,317,768,480	606,265	1,318,374,745
	Dividend	-	-	-	-	(75,984,558)	-	(75,954,558)	-	(75,954,558)
	Employee joint investment program expenses	-	-	7,219,655	-	-	-	7,219,655	-	7,219,655
	Treasury shares	-	-	(4,556,124)	-	-	-	(4,556,124)	-	(4,556,124)
	Total comprehensive income for the year									
	Profit (loss) for the year	-	-	-	-	72,271,139	-	72,271,139	(39,293)	72,231,846
	Other comprehensive income for the year	-	-	-	-	832,146	415,679	1,247,825	-	1,247,825
	Ending balance as at December 31, 2021	292,250,000	776,416,427	6,396,379	29,225,000	213,716,829	(38,218)	1,317,966,417	566,972	1,318,533,389

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2021

		Baht					
		Separate financial statements					
		Issued and paid-up share capital	Premium on ordinary shares	Surplus on share-based payment transactions	Retained earnings		Total shareholders' equity
Note					Appropriated legal reserve	Unappropriated	
	Beginning balance as at January 1, 2020	292,250,000	776,416,427	-	29,225,000	224,796,706	1,322,688,133
	Dividend	-	-	-	-	(105,209,568)	(105,209,568)
	Employee joint investment program expenses	-	-	6,602,402	-	-	6,602,402
	Treasury shares	-	-	(2,869,554)	-	-	(2,869,554)
	Total comprehensive income for the year						
	Profit for the year - as restated	-	-	-	-	97,192,962	97,192,962
	Ending balance as at December 31, 2020	<u>292,250,000</u>	<u>776,416,427</u>	<u>3,732,848</u>	<u>29,225,000</u>	<u>216,780,101</u>	<u>1,318,404,376</u>
	Beginning balance as at January 1, 2021						
	- as previously reported	292,250,000	776,416,427	-	29,225,000	219,766,379	1,317,657,806
	The cumulative effect of the correction of the financial statements	-	-	3,732,848	-	(2,986,278)	746,570
	Beginning balance as at January 1, 2021 - as restated	<u>292,250,000</u>	<u>776,416,427</u>	<u>3,732,848</u>	<u>29,225,000</u>	<u>216,780,101</u>	<u>1,318,404,376</u>
	Dividend	-	-	-	-	(75,984,558)	(75,984,558)
	Employee joint investment program expenses	-	-	7,219,655	-	-	7,219,655
	Treasury shares	-	-	(4,556,124)	-	-	(4,556,124)
	Total comprehensive income for the year						
	Profit for the year	-	-	-	-	72,162,887	72,162,887
	Other comprehensive income for the year	-	-	-	-	832,146	832,146
	Ending balance as at December 31, 2021	<u>292,250,000</u>	<u>776,416,427</u>	<u>6,396,379</u>	<u>29,225,000</u>	<u>213,790,576</u>	<u>1,318,078,382</u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
		(Restated)		(Restated)
Cash flows from operating activities				
Profit for the year	72,231,846	97,889,325	72,162,887	97,192,963
Adjustment to reconcile profit for the year to net cash provided by (used in) operating activities :				
Bad debt and expected credit losses	2,813,895	4,253,118	2,807,363	4,250,132
Depreciation and amortization	30,165,663	17,050,943	30,137,178	17,038,325
Amortization of customer relationship	13,854,860	17,947,159	13,854,860	17,947,159
Loss on devaluation of inventories	3,922,061	5,673,101	3,922,061	5,673,101
(Gain) loss on disposals of equipment and right-of-use assets	265,927	1,255,393	265,927	1,255,393
Unrealized (gain) loss on exchange rate	(1,464,834)	(333,095)	(1,615,513)	(41,531)
(Gain) loss on disposals of investment	-	(3,380,909)	-	(3,380,909)
Unrealized (gain) loss on revaluation of other current financial assets	(2,860,366)	4,430,330	(2,860,366)	4,430,330
Loss on impairment of other non-current financial assets	-	241,845	-	241,845
Loss on impairment of equipments (reversal)	(50,654)	50,654	(50,654)	50,654
Interest income	(182,520)	(959,594)	(570,968)	(1,255,502)
Employee's benefit expenses	1,907,265	2,651,166	1,811,828	2,570,980
Employee Joint Investment Program expenses	7,219,655	6,602,402	7,219,655	6,602,402
Finance cost	2,309,545	90,655	2,301,737	90,655
Tax expense	17,813,274	23,821,695	17,649,328	23,833,054
Profit from operating before changes in operating assets and liabilities	147,945,617	177,284,188	147,035,323	176,499,051
(Increase) decrease in operating assets				
Trade and other current receivables	(4,826,091)	67,964,781	(3,491,121)	68,360,442
Current contract assets	2,583,100	(3,256,681)	3,741,762	(2,513,101)
Inventories	(78,311,067)	20,744,512	(79,702,169)	22,183,741
Other current assets	(906,731)	327,034	(771,191)	80,643
Other non-current assets	(3,119,913)	(1,517,468)	(3,119,913)	(1,517,468)

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020 (Restated)	2021	2020 (Restated)
Increase (decrease) in operating liabilities				
Trade and other current payables	34,062,382	(35,575,947)	36,409,853	(28,993,514)
Other current provisions	347,165	294,585	347,165	294,585
Other current liabilities	(233,675)	531,330	(233,675)	531,330
Non-current provisions for employee benefit	(664,000)	(400,000)	(664,000)	(400,000)
Other non-current liabilities	1,129,856	1,573,164	1,129,856	1,573,164
Cash generated from operating	98,006,643	227,969,498	100,681,890	236,098,873
Employee joint investment program expenses paid	(4,556,124)	(2,869,554)	(4,556,124)	(2,869,554)
Income tax paid	(25,200,914)	(40,659,717)	(25,195,635)	(40,659,717)
Net cash provided by operating activities	68,249,605	184,440,227	70,930,131	192,569,602
Cash flows from investing activities				
Cash payments for purchases of other current financial assets	(29,795,885)	-	(29,795,885)	-
Cash receipts from redemption of other current financial assets	-	116,885,007	-	116,885,007
Cash payments for short-term loans	-	-	-	(6,352,000)
Cash payment for acquisition of investment in subsidiary	-	-	-	(1,300,000)
Cash payments for purchases of equipment	(14,095,266)	(16,808,367)	(14,072,892)	(16,679,091)
Cash receipts from disposal of equipment	171,199	237,573	171,199	237,573
Cash payments for purchases of intangible assets	(2,153,440)	(763,437)	(2,153,440)	(763,437)
Interest received	182,521	545,145	552,489	545,145
Net cash provided by (used in) investing activities	(45,690,871)	100,095,921	(45,298,529)	92,573,197
Cash flows from financing activities				
Cash payments for lease liabilities	(11,277,500)	(738,630)	(11,277,500)	(738,630)
Cash receipt from short-term loans	500,000	-	-	-
Cash receipts from investments in subsidiary of non-controlling interest	-	700,000	-	-
Dividend paid	(75,984,558)	(105,209,568)	(75,984,558)	(105,209,568)
Net cash used in financing activities	(86,762,058)	(105,248,198)	(87,262,058)	(105,948,198)

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020 (Restated)	2021	2020 (Restated)
Net increase (decrease) in cash and cash equivalents	(64,203,324)	179,287,950	(61,630,456)	179,194,601
Cash and cash equivalents at beginning of year	306,074,340	127,099,721	299,318,282	120,123,681
Effect of translation adjustment on foreign currency financial statements	959,405	(313,331)	-	-
Cash and cash equivalents at end of year	<u>242,830,421</u>	<u>306,074,340</u>	<u>237,687,826</u>	<u>299,318,282</u>
Supplementaly disclosures of cash flows information :				
Non-Cash transaction				
1) Liabilities incurred from acquisition of equipment and intangible assets				
Liabilities incurred from acquisition of equipment and intangible assets - beginning of year	630,517	475,280	630,517	475,280
Inventories transferred to equipment	(3,945,002)	(20,770,275)	(3,945,002)	(20,770,275)
Equipment transferred to expense	(606,987)	(52,982)	(606,987)	(52,982)
<u>Add</u> Purchases of equipment and intangible assets	23,564,478	38,550,298	23,542,104	38,421,022
<u>Less</u> Cash payments	(16,248,706)	(17,571,804)	(16,226,332)	(17,442,528)
Liabilities incurred from acquisition of fixed assets and intangible assets - ending of year	<u>3,394,300</u>	<u>630,517</u>	<u>3,394,300</u>	<u>630,517</u>
2) Transfer investment property to be used as property, plant and equipment				
Increase (decrease) in investment property	-	74,129,902	-	74,129,902
Increase (decrease) in property, plant and equipment	-	(74,129,902)	-	(74,129,902)

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. GENERAL INFORMATION

(a) Legal status and address of the company group

Company

The Company was registered to be a limited company with the Ministry of Commerce 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 address of its registered head office are as follows:

Locate at: 559 Soi Soonvijai 4, Rama 9 Road, Bangkok, Huaykwang, Bangkok 10310, Thailand.

Subsidiaries

- 1) Harn Vietnam Company Limited is a company established in Vietnam on July 30, 2019.

The address of the subsidiary's head office is as follows:

5th floor, Vietcomreal Building, 68 Nguyen Hue, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

- 2) Aiyaraharn Company Limited is a company established in Thailand on July 8, 2020.

The address of the subsidiary's head office is as follows:

Locate at: 559 Soi Soonvijai 4, Rama 9 Road, Bangkok, 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.

The subsidiary 1 operates the main business related to the selling of printing equipment and subsidiary 2 operates in providing Smart Building Business Solution.

(c) Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting businesses and industries as a whole. This situation may affect the results of operations of business. Nevertheless, the management of the Company and its subsidiaries have continuously monitored ongoing developments and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

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 Basis for the preparation of consolidated financial statements

2.2.1 The consolidated financial statements have included the financial statements of Harn Engineering Solutions Public Company Limited and its subsidiaries as follows;

Company name	Type of business	Percentage of shareholding		Country of establishment
		% of share capital		
		2021	2020	
Direct shareholding				
Harn Vietnam Co., Ltd.	Printing equipment	100.00	100.00	Vietnam
Aiyaraharn Co., Ltd.	Building-IoT Solutions	65.00	65.00	Thailand

The Company had purchased the investment in Harn Vietnam Co., Ltd. at 100% of total number of shares issued from such company and the Company has consolidated the financial statements in the preparation of consolidated financial statements of the group of the company from July 30, 2019, onwards.

The Company jointly invested in establishing “Aiyaraharn Co., Ltd.” The Company and joint investor hold 65 percent and 35 percent stake of the total shares issued in such company, respectively. Therefore, the Company has consolidated the financial statements of such in the preparation of consolidated financial statements of the group of the company from July 8, 2020 onwards.

2.2.2 The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

2.2.3 Subsidiaries is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- 2.2.4 The financial statements of an overseas subsidiaries is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of “Currency translation changes of the financial statements of foreign entity” in shareholders’ equity.
- 2.2.5 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.
- 2.2.6 Material balances and transactions between the Company and its subsidiaries companies have been eliminated from the consolidated financial statements.

2.3 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current year.

2.4 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued several revised financial reporting standards and has been published in the Government Gazette, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and for some financial reporting standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company and its subsidiaries have assessed that these revised standards will not have any significant impact on the financial statements in the year when they are adopted.

2.5 Correction of the prior period’s financial statements

In the presentation of the financial statements for the year ended December 31, 2021, the Company amended the previous period’s financial statements regarding the transactions recording related to the Employee Joint Investment Program (EJIP) (Note 22) in accordance with the Thai Financial Reporting Standard No. 2 Subject: Share-Based Payments. Previously, the Company recorded such transactions as expenses in profit and loss according to the amount paid in each period.

This TFRS requires the Company to recognize share-based payments to employees in its financial statements, whether the payment is in cash, other assets or equity instruments of the entity. The Company has restated the prior year's financial statements, presented as comparative information, as though the Company had always recognized the effects of share-based payments to employees in the financial statements. The Company has restated to the transactions with effects on the consolidated financial statements and separate financial statements as follows:

● Statement of financial position

	Baht					
	Consolidated financial statements			Separate financial statements		
	As at December 31, 2020			As at December 31, 2020		
	Previous report	Adjustment increase (decrease)	Restated	Previous report	Adjustment increase (decrease)	Restated
<u>Assets</u>						
Deferred tax assets	3,843,042	746,570	4,589,612	3,826,408	746,570	4,572,978
<u>Shareholders's equity</u>						
Surplus on share-based payment transaction	-	3,732,848	3,732,848	-	3,732,848	3,732,848
Retained earnings - unappropriated	219,584,380	(2,986,278)	216,598,102	219,766,379	(2,986,278)	216,780,101

● Statement of comprehensive income

	Baht					
	Consolidated financial statements			Separate financial statements		
	For the year ended December 31, 2020			For the year ended December 31, 2020		
	Previous report	Adjustment increase (decrease)	Restated	Previous report	Adjustment increase (decrease)	Restated
<u>Expenses</u>						
Cost of rendering of services	118,879,312	553,991	119,433,303	115,297,565	553,991	115,851,556
Distribution cost	107,327,727	1,361,836	108,689,563	106,083,849	1,361,836	107,445,685
Administrative expenses	137,288,080	1,817,021	139,105,101	136,213,901	1,817,021	138,030,922
Tax expenses	24,568,265	(746,570)	23,821,695	24,579,624	(746,570)	23,833,054
<u>Profit attributable to</u>						
Owners of the parent	100,969,338	(2,986,278)	97,983,060	100,179,241	(2,986,278)	97,192,963
<u>Total comprehensive income</u>						
<u>attributable to</u>						
Owners of the parent	100,569,105	(2,986,278)	97,582,827	100,179,241	(2,986,278)	97,192,963

● Statement of cash flows

	Baht					
	Consolidated financial statements			Separate financial statements		
	For the year ended December 31, 2020			For the year ended December 31, 2020		
	Previous report	Adjustment	Restated	Previous report	Adjustment	Restated
	increase			increase		
	(decrease)			(decrease)		
<u>Cash flows from operating activities</u>						
Profit for the year	100,875,603	(2,986,278)	97,889,325	100,179,241	(2,986,278)	97,192,963
Adjustment to reconcile profit for the year to net cash						
provided by (used in) operating activities:						
- Employee joint investment program expenses	-	6,602,402	6,602,402	-	6,602,402	6,602,402
- Tax expenses	24,568,265	(746,570)	23,821,695	24,579,624	(746,570)	23,833,054
Employee joint investment program						
expenses paid	-	(2,869,554)	(2,869,554)	-	(2,869,554)	(2,869,554)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Business combinations

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

The Company's and its subsidiaries's control are 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 and its subsidiaries to the previous owners of the acquiree, and equity interests issued by the Company and its subsidiaries. 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 and its subsidiaries measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Company and its subsidiaries 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 Financial instruments

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition is driven by the Company and its subsidiaries' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Equity instruments can be classified and cannot be changed by two types of measurement which are measuring fair value through profit or loss or measuring fair value through other comprehensive income that without recycling to profit or loss.

The initial recognition of financial assets that are not measured at fair value through profit or loss with fair value plus or deduct transaction cost directly related to the acquisition or issuance. Financial assets that are measured at fair value through profit or loss, transaction costs are recognized as expense in profit or loss.

Subsequent measurement of debt instruments by 3 methods depend on the classification of debt instruments.

- Financial assets measured at amortized cost when financial assets are held to receive cash flow under the agreement and condition of the agreement of the financial assets that generate cash flow to pay the principal and interest from the principal balance on the specified date only. Such financial assets have to be calculated using the effective rate and are subject to impairment assessment. Profit or loss arising from derecognized, modified or impaired will be recognized in profit or loss.
- Financial assets measured at fair value through other comprehensive income when financial assets are held to receive cash flow under the agreement and to sell financial assets and the agreement condition of financial assets generating cash flow that only pays the principal and interest from the principal balance on the specified date. The change of value of financial assets is recognized through other comprehensive income except loss on impairment and interest income and gain and loss on exchange rate are recognized as profit or loss upon recognized of financial assets. Earning or deficit previously recognized in other comprehensive income has to be reclassified into profit or loss. Such financial asset has to be calculated using the effective interest rate same as financial assets measured at amortized cost.
- Financial assets measured at fair value through profit or loss when financial assets that do not meet the criteria for amortized cost or financial assets measured at fair value through other comprehensive income will be presented in the statement of financial position at fair value by recognizing the net change of fair value in profit or loss.

Subsequent valuation of equity instruments must present equity instruments using the fair value and record profit/loss from change in fair value through profit or loss or other comprehensive income depending on equity instruments classification.

Classification and valuation of financial liabilities

The Company and its subsidiaries are recognized initially of financial liabilities at fair value net of transaction costs and classified as financial liabilities as financial liabilities subsequently measured at amortized cost using the effective rate. The amortized cost is calculated taking into account fees or costs that are an integral part of the effective rate. Amortization by the effective rate is presented as part of financial costs in profit or loss.

Derecognition of financial instruments

Financial assets will be derecognized from the account when the right to receive cash flow of such asset has ended or when the right to receive cash flow of the assets is transferred including upon the transfer of all risk and consideration of that asset or transfer of internal control in that asset although there is no transfer or maintaining of nearly all risk and consideration of such asset.

Financial liabilities will be derecognized from the account when the obligation of such liabilities has been complied, the obligation is cancelled or the obligation has ended. In case existing financial liabilities are changed to new liabilities from one single lender with considerably different requirements or there is a significant amendment in the requirements of existing liabilities, these are considered as recognition old liabilities and recognizing new liabilities by recognizing the difference of such carrying value under profit or loss.

Impairment of financial assets

Expected credit loss for financial assets measured at amortized cost or debt instrument financial asset measured at fair value through other comprehensive income and assets arising from credit facility obligation and financial guarantee agreement are assessed without having to wait for the credit event to occur first. The Company and its subsidiaries use the general approach in considering the allowance for loss on impairment. For trade receivables, the Company and its subsidiaries apply a simplified approach in calculating ECLs. The Company and its subsidiaries recognize a loss based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Offset of financial instruments

Financial assets and liabilities will be offset and presented at net balance in the statement of financial position in the case legally enforced in offsetting the recognized amount. The Company and its subsidiaries intend to pay the net balance or intends to receive assets and settle payment of liabilities at the same time.

Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument in hedge accounting, and if so, the nature of the item being hedged. The Company and its subsidiaries designate certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or unrecognized firm commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

Derivatives that is not applied hedge accounting is classified as an asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains (losses).

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 and its subsidiary entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates.

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.

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 and its subsidiary have no policy to speculate in or engage in the trading of any derivative financial instruments.

3.4 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.

3.5 Trade and other current receivables / current contract assets

Trade other current receivables / current contract assets are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade other current receivables / current contract assets are stated at the amount expected to be collectible, The Company and its subsidiaries apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and its subsidiaries have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss within administrative expenses.

3.6 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.

3.7 Investments in subsidiaries

Subsidiaries is a company in which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Investment in subsidiaries is stated at cost net from allowance on impairment (if any). Loss on impairment of investment will be recognized as loss in the statement of comprehensive income.

3.8 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	10
Tool and equipment	5

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

3.9 Property, plant and equipment

Recognition and measurement

Land is stated at cost, plant and 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 subsidiaries, 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
Factory building	40
Building improvements	10
Tool and equipment	5
Furniture and office equipment	5
Vehicles	5 - 7
Assets for rental and demonstration	5 - 10

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.

3.10 Goodwill

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

3.11 Intangible asset

Other intangible assets

Other intangible asset, which are acquired by the Company and its subsidiaries 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.

3.12 Impairment of assets

The carrying amounts of the Company's and its subsidiaries'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.

3.13 Share-based payment

The fair value of the shares as at grant date to the management and employees is recognized as employee expense along with the increase in shareholder's equity throughout the period that employee is able to access the rights without restriction. The amount recognized is expense to be adjusted to reflect the rights to purchase shares under the term of service that is not the term of equity market.

3.14 Leases

At inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company and its subsidiaries assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

Right-of-use assets-as a lessee

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Company and its subsidiaries exercising the option to terminate.

In calculating the present value of lease payments, the Company and its subsidiaries use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company and its subsidiaries apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

3.15 Employee benefits

Short-term benefits

The Company and its subsidiaries are 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 and its subsidiaries 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 and its subsidiaries recognizes all actuarial gains (losses) immediately in other comprehensive income.

3.16 Revenues

Revenue from sale of goods

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

For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognized the warranty as provisions, contingent liabilities and contingent assets.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications is recognized as revenue over the period in which the service is provided.

Revenue from rendering of services

Revenue from project services is recognized over time in accordance with the measuring progress towards complete satisfaction of a performance obligation, based on the costs incurred to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. In some circumstances, the Company and its subsidiaries may not be able to reasonably measure the outcome of a performance obligation, but the Company and its subsidiaries expect to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company and its subsidiaries shall recognize revenue only to the extent of costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Revenue from providing maintenance service is recognized over time when services have been rendered considering the straight-line method over the term of the contracts.

Revenue from other service is recognized when services have been rendered.

The recognized revenue which is not yet due per the contracts has been presented as “Accrued service income /Unbilled receivables” in the statement of financial position, which is classified as trade receivables when the Company has right to receive without condition such as upon completion of services and acceptance by the customer.

Revenue from rental

Revenue from rental is recognized over time on a straight-line method over the term of the contracts.

Deferred revenue

The obligation to transfer goods or service to a customer for which the Company and its subsidiaries have received consideration or an amount of consideration is due from the customer is presented as “Deferred revenue” in the statement of financial position, which is classified as other payables under trade and other payable. Deferred revenue will be recognized as revenue when the Company completely perform the obligation stated in the contract.

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 and its subsidiaries believe 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 and its subsidiaries 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.

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 an applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company and its subsidiaries are 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 and its subsidiaries 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 and its subsidiaries are 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 the expected credit loss based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables such as GDP, the unemployment rate and the consumer price index.

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 and its subsidiaries 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 and its subsidiaries have 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 and its subsidiaries have recorded provision for penalty from delay delivery in the financial statements. However, actual results could differ from the estimates.

Determining the lease term of contracts with renewal and termination options

The Company and its subsidiaries determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company and its subsidiaries reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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 and right-of-use assets/Depreciation

In determining depreciation of plant and equipment and right-of-use assets, 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 and right-of-use assets, 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 and its subsidiaries 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 and its subsidiaries are 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 20.

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.

Estimating the incremental borrowing rate

The Company and its subsidiaries cannot readily determine the interest rate implicit of the lease. Therefore, the maket rate of the Company and its subsidiaries are used to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company and its subsidiaries would have to pay for necessary borrowing to acquire the assets, or assets with close value to right-of-use assets in similar economic environment, borrowing period and borrowing security.

(2) Key sources of estimation uncertainty

Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Company and its subsidiaries use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company and its subsidiaries engage 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 31.

4. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries 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.

4.1 Types of relationship of related parties were as follows:

Company/Person name	Country/ Nationality	Related	Relationship
Harn Vietnam Co., Ltd.	Vietnam	Subsidiary	Major shareholder
Aiyaraharn Co., Ltd.	Thailand	Subsidiary	Major shareholder
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Phraboriban Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Nutrix Plc.	Thailand	Related company	Directorships and/or common shareholders
Jannopsiri Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Aiyarafun Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders of subsidiary
Throughwave (Thailand) Co., Ltd.	Thailand	Related company	Close members of the director's family (The director resigned effective from January 1, 2020)
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

4.2 Bases of measurement for intercompany revenues and expenses

	Pricing Policy
Sale of goods	Market price
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
Interest income	Contract price
Interest expenses	Market price

4.3 Significant agreements with related parties. The Company and its subsidiaries entered into office building rental agreement as follows:

	As at December 31, 2021		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Jannopsiri Co., Ltd.	9 year	857,220
	Phraboriban Co., Ltd.	3 year	64,080

During the year ended December 31, 2021, there were rental agreements that were cancelled had been shown as follows:

	Lessor	Period	Rate per month (Baht)
Warehouse rental agreement	Mr. Jain Charnnarong	4.4 year	45,947 - 53,100
	Harn Engineering Co., Ltd.	4.7 year	292,105 - 413,916

4.4 Balances with the related parties as at December 31, 2021 and 2020 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade and other current receivables				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	314,388	295,908
Aiyaraharn Co., Ltd.	-	-	-	57,933
Related company				
Harn Engineering Co., Ltd.	1,747,794	1,845,458	1,747,794	1,845,458
Nutrix Plc.	-	15,716	-	15,716
Jannopsiri Co., Ltd.	1,006	118,342	1,006	118,342
	<u>1,748,800</u>	<u>1,979,516</u>	<u>2,063,188</u>	<u>2,333,357</u>
Rental deposit				
Related company				
Phraboriban Co., Ltd.	150,000	150,000	150,000	150,000
Jannopsiti Co., Ltd.	2,000,000	-	2,000,000	-
	<u>2,150,000</u>	<u>150,000</u>	<u>2,150,000</u>	<u>150,000</u>

Loan to subsidiary

Movements of loans to subsidiary for the year ended December 31, 2021 and 2020 were as follows:

	Separate financial statements			
	2021		2020	
	USD	Baht	USD	Baht
Harn Vietnam Co., Ltd.				
Beginning balance	200,000	5,973,480	-	-
Addition	-	-	200,000	6,352,000
Deduction	-	-	-	-
Conversion of unrealized on exchange rate	-	675,900	-	(378,520)
Ending balance	<u>200,000</u>	<u>6,649,380</u>	<u>200,000</u>	<u>5,973,480</u>

On March 12, 2020, the Company entered into loan agreement with the subsidiary in the amount of USD 200,000. The interest rate has been charged at 6.15% per annum in the term of year. Later, on March 11, 2021, the company renewed the loan agreement to the subsidiary for another 5 years, the agreement expired on March 11, 2026 and charged the interest rate at 5.85% per annum.

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade and other current payables				
Subsidiary				
Aiyaraharn Co., Ltd.	-	-	78,000	-
Related company				
Aiyarafun Co., Ltd.	7,808	-	-	-
	<u>7,808</u>	<u>-</u>	<u>78,000</u>	<u>-</u>
Lease liabilities				
Related company				
Phraboriban Co., Ltd.	1,388,259	2,013,542	1,388,259	2,013,542
Jansopsiri Co., Ltd.	94,307,684	102,425,395	94,307,684	102,425,395
	<u>95,695,943</u>	<u>104,438,937</u>	<u>95,695,943</u>	<u>104,438,937</u>

Short-term loans from related parties

Changes in short-term loans from related company the year ended December 31, 2021 were as follows:

	Baht		
	Consolidated financial statements		
	As at December 31, 2020	During the year	As at December 31, 2021
		Increase	Decrease
Aiyarafun Co., Ltd.	-	500,000	-
	<u>-</u>	<u>500,000</u>	<u>-</u>
	<u>-</u>	<u>500,000</u>	<u>500,000</u>

As at December 31, 2021, short-term loan represented the promissory notes from related parties has 3 months maturity, bearing interest rates of 3 percent per annum (according to commercial bank interest rates of MRR-3 percent per annum). The loans are unsecured and repayment on March 21, 2022.

4.5 Transactions for the years ended December 31, 2021 and 2020 with related parties were summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Sale of goods				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	18,741	322,085
Aiyaraharn Co., Ltd.	-	-	74,940	-
Related companies				
Nutrix Plc.	27,420	117,384	27,420	117,384
Jannopsiri Co., Ltd.	20,070	248,607	20,070	248,607
	<u>47,490</u>	<u>365,991</u>	<u>141,171</u>	<u>688,076</u>
Other income				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	393,275	295,908
Aiyaraharn Co., Ltd.	-	-	612,000	157,933
Related company				
Phraboriban Co., Ltd.	-	28,137	-	28,137
Jannopsiri Co., Ltd.	54,000	-	54,000	-
	<u>54,000</u>	<u>28,137</u>	<u>1,059,275</u>	<u>481,978</u>
Office rental and service expenses				
Related companies				
Harn Engineering Co., Ltd.	292,105	1,368,430	292,105	1,368,430
Phraboriban Co., Ltd.	-	1,432,510	-	1,432,510
Related person				
Mr. Jain Charnnarong	-	630,047	-	630,047
	<u>292,105</u>	<u>3,430,987</u>	<u>292,105</u>	<u>3,430,987</u>
Interest expenses				
Related company				
Phraboriban Co., Ltd.	93,678	88,177	93,678	88,177
Jannopsiri Co., Ltd.	2,168,929	-	2,168,929	-
Aiyarafun Co., Ltd.	7,808	-	-	-
	<u>2,270,415</u>	<u>88,177</u>	<u>2,262,607</u>	<u>88,177</u>
Directors remuneration				
Directors remuneration	3,473,167	3,585,000	3,473,167	3,585,000
Management benefit expenses				
Short-term employee's benefits	9,972,130	10,790,267	9,252,130	10,490,267
Post-employment benefits	324,870	312,240	321,470	310,640
	<u>13,770,167</u>	<u>14,687,507</u>	<u>13,046,767</u>	<u>14,385,907</u>

Management benefit expenses represents the benefits paid to the Company and its subsidiaries are management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company and its subsidiaries are 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.

4.6 Guarantee

As at January 7, 2020, The Company has guaranteed the product cost to Harn Vietnam Co., Ltd. "subsidiary" in Vietnam under the product sale agreement in the full amount of GBP 472,586.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were consisted of:

		Consolidated financial statements			
		Foreign currencies		Baht	
		2021	2020	2021	2020
Cash on hand	- Baht			55,844	132,676
Cash at banks					
Current accounts	- Baht			36,730,898	37,480,163
Savings accounts	- Baht			201,461,323	263,247,654
	- Vietnamese Dong	3,145,062,796	4,035,484,667	4,582,356	5,213,847
				<u>242,830,421</u>	<u>306,074,340</u>
		Separate financial statements			
		Baht			
		2021	2020		
Cash on hand		25,844	102,541		
Cash at banks					
Current accounts		36,730,898	37,480,163		
Savings accounts		200,931,084	261,735,578		
		<u>237,687,826</u>	<u>299,318,282</u>		

6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade receivable				
Trade receivables - related parties	1,006	134,058	1,006	134,058
Trade receivables - other companies	235,053,496	218,158,000	233,148,403	217,783,212
Total	235,054,502	218,292,058	233,149,409	217,917,270
<u>Less</u> Allowance for expected credit losses	(12,640,865)	(11,455,792)	(12,635,976)	(11,454,371)
Net	222,413,637	206,836,266	220,513,433	206,462,899
Other receivables				
Other receivables - subsidiaries	-	-	314,388	353,841
Other receivables - related parties	1,747,319	1,845,458	1,747,319	1,845,458
Other receivables - other companies	1,939,926	3,585,280	1,720,078	3,515,280
Accrued retentions	9,072,015	15,104,338	8,997,247	15,104,338
Deposit	6,870,814	6,557,432	6,862,867	6,550,384
Prepaid expenses	5,054,904	5,151,224	4,643,908	4,784,669
Accrued income	1,766,779	3,802,728	1,766,779	3,651,638
Total other receivables	26,451,757	36,046,460	26,052,586	35,805,608
Lease receivables				
Lease receivables - printing devices	15,767,761	19,412,311	15,767,761	19,412,311
<u>Less</u> Allowance for expected credit losses	(11,641)	(56,443)	(11,641)	(56,443)
Total	15,756,120	19,355,868	15,756,120	19,355,868
<u>Less</u> due between over 1 year	(9,182,927)	(11,251,986)	(9,182,927)	(11,251,986)
Net	6,573,193	8,103,882	6,573,193	8,103,882
Total trade and other current receivables - net	255,438,587	250,986,608	253,139,212	250,372,389

Trade receivables are classified by aging as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current	150,580,310	141,009,078	148,706,871	140,815,378
Overdue				
Less than 3 months	67,370,369	55,102,089	67,338,715	54,921,001
Over 3 months up to 6 months	4,114,011	14,096,467	4,114,011	14,096,467
Over 6 months up to 12 months	8,176,950	4,670,478	8,176,950	4,670,478
Over 12 months	4,812,862	3,413,946	4,812,862	3,413,946
Total	235,054,502	218,292,058	233,149,409	217,917,270
<u>Less</u> Allowance for expected credit losses	(12,640,865)	(11,455,792)	(12,635,976)	(11,454,371)
Trade receivables, net	222,413,637	206,836,266	220,513,433	206,462,899

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the lease agreements as at December 31, 2021 and 2020, are as follows:

	Baht			
	Consolidated financial statements/Separate financial statements			
	2021		2020	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	9,575,286	6,573,193	10,978,046	8,103,882
Over 1 year but less than 5 years	13,385,234	9,182,927	15,127,108	11,251,986
	22,960,520	15,756,120	26,105,154	19,355,868
<u>Less</u> Deferred interest	(7,204,400)	-	(6,749,286)	-
	<u>15,756,120</u>	<u>15,756,120</u>	<u>19,355,868</u>	<u>19,355,868</u>

The allowance for expected credit losses as at December 31, 2021 and 2020 was as follows:

	Thousand Baht					
	Consolidated financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at December 31, 2021						
Trade and other current receivables	157,626	67,491	4,265	8,177	6,603	244,162
Lease receivables	22,708	244	20	-	-	22,972
Current contract assets	10,242	-	-	-	40	10,282
Loss allowance	446	441	855	6,087	4,924	12,753

	Thousand Baht					
	Consolidated financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at December 31, 2020						
Trade and other current receivables	155,407	55,798	14,107	4,670	3,414	233,396
Lease receivables	25,948	204	10	-	-	26,162
Current contract assets	12,825	-	-	-	40	12,865
Loss allowance	413	313	4,172	3,101	3,580	11,579

	Thousand Baht					
	Separate financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at December 31, 2021						
Trade and other current receivables	155,677	67,459	4,265	8,177	6,603	242,181
Lease receivables	22,708	244	20	-	-	22,972
Current contract assets	8,338	-	-	-	40	8,378
Loss allowance	436	441	855	6,086	4,925	12,743

	Thousand Baht					Total
	Separate financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	
As at December 31, 2020						
Trade and other current receivables	155,214	55,616	14,107	4,671	3,414	233,022
Lease receivables	25,948	204	10	-	-	26,162
Current contract assets	12,080	-	-	-	40	12,120
Loss allowance	411	312	4,172	3,101	3,580	11,576

7. CURRENT CONTRACT ASSETS

Current contract assets were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current contract assets	10,281,575	12,864,676	8,377,768	12,119,531
<u>Less</u> Allowance for doubtful account	(65,735)	(67,063)	(60,975)	(65,498)
Net	<u>10,215,840</u>	<u>12,797,613</u>	<u>8,316,793</u>	<u>12,054,033</u>

8. INVENTORIES

Inventories were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Finished goods	288,639,413	247,098,155	286,333,913	245,120,206
Goods in transit	73,645,662	40,820,856	73,645,662	39,102,203
Total	362,285,075	287,919,011	359,979,575	284,222,409
<u>Less</u> Allowance for loss on devaluation of inventories	(33,989,104)	(30,067,043)	(33,989,104)	(30,067,043)
Net	<u>328,295,971</u>	<u>257,851,968</u>	<u>325,990,471</u>	<u>254,155,366</u>

Decline in value of inventory (reversal) recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were Baht 3.92 million and Baht 5.67 million, respectively (for the Company's only amounting to Baht 3.92 million and Baht 5.67 million, respectively).

9. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets were consisted of:

	Baht		
	Consolidated financial statements/ Separate financial statements		
	2021		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Investment in debt instruments			
- Investment in unit trusts	39,421,139	193,056	39,614,195
Total	39,421,139	193,056	39,614,195

	Baht		
	Consolidated financial statements/ Separate financial statements		
	2020		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Investment in debt instruments			
- Investment in unit trusts	9,625,255	(2,667,311)	6,957,944
Total	9,625,255	(2,667,311)	6,957,944

10. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries consisted of:

Subsidiaries	Paid-up capital	Percentage of shareholding (%)		Baht	
				Separate financial statements	
		2021	2020	2021	2020
Harn Vietnam Co., Ltd.	Vietnamese Dong 800 million	100.00	100.00	1,057,444	1,057,444
Aiyaraharn Co., Ltd.	Baht 2 million	65.00	65.00	1,300,000	1,300,000
Total				2,357,444	2,357,444

The company registered Harn Vietnam Co.,Ltd. “subsidiary” in Vietnam on July 30, 2019 with the registered capital of Vietnamese Dong 800 million (Baht 1.06 million). The company held shares in the subsidiary at 100 percent of the registered capital. The principal business is sale of printing equipment with the objective to enhance competitive capacity and enhance customer service by starting from a business unit “digital printing system” as the first business unit.

On July 8, 2020, The Company joined invest in developing the digital business with Aiyarafun Group by establishment of company under the name “Aiyaraharn Company Limited” with the registered capital of Baht 2 million. The Company and the joint investor in Aiyarafun Group hold the shares in such company at 65 percent and 35 percent of the registered capital, respectively. The establishment of such

company was in accordance with the resolution of the Board of Directors' Meeting No. 4/2020, held on May 14, 2020. The new registered company will have status as the company's subsidiary. Such investment has an objective to develop IT Products and Solutions system. The operation plan will focus in rendering Smart Building service, in order to extending the existing business of Aiyarafun Group and expending the business for further growth.

11. INVESTMENT PROPERTY

Investment property were consisted of:

	Baht				Balance Dec. 31, 2021
	Consolidated financial statements / Separate financial statements				
	Balance Dec. 31, 2020	Transactions during the year			
	Additions	Decrease	Transfer in/out		
<u>Cost</u>					
Land	135,286,506	-	-	-	135,286,506
Factory building	19,349,556	-	-	-	19,349,556
Building improvements	948,427	-	-	-	948,427
Tool and equipment	350,350	-	-	-	350,350
Total	155,934,839	-	-	-	155,934,839
<u>Accumulated depreciation</u>					
Factory building	(1,001,936)	(483,739)	-	-	(1,485,675)
Building improvements	(196,441)	(94,842)	-	-	(291,283)
Tool and equipment	(145,130)	(70,070)	-	-	(215,200)
Total	(1,343,507)	(648,651)	-	-	(1,992,158)
Investment property-net	154,591,332				153,942,681

	Baht				Balance Dec. 31, 2020
	Consolidated financial statements / Separate financial statements				
	Balance Dec. 31, 2019	Transactions during the year			
	Additions	Decrease	Transfer in/out		
<u>Cost</u>					
Land	172,645,421	-	-	(37,358,915)	135,286,506
Factory building	55,675,068	-	-	(36,325,512)	19,349,556
Building improvements	2,671,760	-	-	(1,723,333)	948,427
Tool and equipment	957,751	-	-	(607,401)	350,350
Total	231,950,000	-	-	(76,015,161)	155,934,839
<u>Accumulated depreciation</u>					
Factory building	(1,491,024)	(935,327)	-	1,424,415	(1,001,936)
Building improvements	(286,208)	(180,538)	-	270,305	(196,441)
Tool and equipment	(205,192)	(130,477)	-	190,539	(145,130)
Total	(1,982,424)	(1,246,342)	-	1,885,259	(1,343,507)
Investment property-net	229,967,576				154,591,332

	Baht			
	Consolidate financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation for the year				
- Administrative expenses	648,651	1,246,342	648,651	1,246,342

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. In 2020, such land and building had a renter. The lease agreements end on March 15, 2020 (the lessee can extend the agreement period for another 1 year with the same rate. The lessee shall notify at least the months before the agreement expires). Later, on March 31, 2021, the former renter did not renew the lease agreement and there is a new renter. The lease agreement commencing on July 1, 2021, ends on June 30, 2024.

During the year 2020, the Company has changed its objective for land holding for rent to be used as a warehouse. Therefore, the Company transferred such investment property as owner-occupied property with the cost at Baht 74.13 million.

During the year 2020, the Company was appraised by 2 independent appraisers by applying the market price approach for land and the replacement cost approach for building and its construction in the valuation in according to the report, had its fair value in the amount of Baht 159.51 million.

The Company and its subsidiaries had rental incomes of investment property for the year ended December 31, 2021 and 2020 in total amounting of Baht 2,752,271 and Baht 6,098,772, respectively (for the Company's only amounting to (2,752,271 Baht and Baht 6,098,772, respectively) and recognized as operating expenses amounting to Baht 1,402,004 and Baht 973,699, respectively (for the Company's only amounting to Baht 1,402,004 and Baht 973,699, respectively), which was recognized in the statement of comprehensive income.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment were consisted of:

	Baht						
	Consolidated financial statements						
	Balance	Transactions during the year				Balance	
	Dec. 31, 2020	Additions	Decrease	Transfer in/out	Transfer classified transactions	Exchange difference on transactions financial statements	Dec. 31, 2021
<u>Cost</u>							
Land	37,358,915	-	-	-	-	-	37,358,915
Buildings and structures	36,325,512	-	-	-	-	-	36,325,512
Tool and equipment	8,950,805	391,793	(7,180)	533,354	-	-	9,868,772
Furniture and office equipment	33,200,805	1,807,833	(3,450,763)	17,563,072	-	7,080	49,128,027
Vehicles	25,170,243	82,736	(1,315,646)	-	-	-	23,937,333
Assets for rent and demonstration	33,139,623	3,720,173	(2,804,563)	18,621,703	-	-	52,676,936
Assets in progress	22,630,403	15,309,525	(574,019)	(36,718,129)	(30,280)	-	617,500
Total	<u>196,776,306</u>	<u>21,312,060</u>	<u>(8,152,171)</u>	<u>-</u>	<u>(30,280)</u>	<u>7,080</u>	<u>209,912,995</u>
<u>Accumulated depreciation</u>							
Building and structures	(1,880,965)	(908,137)	-	-	-	-	(2,789,120)
Tool and equipment	(4,206,291)	(1,272,323)	7,178	-	-	-	(5,471,436)
Furniture and office equipment	(21,695,324)	(4,696,394)	3,403,640	-	-	(525)	(22,987,553)
Vehicles	(14,744,320)	(1,815,468)	1,172,150	-	-	-	(15,387,638)
Assets for rental and demonstration	(24,670,581)	(5,292,891)	2,461,698	-	-	-	(27,501,774)
Total	<u>(67,197,481)</u>	<u>(13,985,213)</u>	<u>7,044,666</u>	<u>-</u>	<u>-</u>	<u>(525)</u>	<u>(74,137,503)</u>
Less allowance for impairment	(50,654)	-	50,564	-	-	-	-
Property, plant and equipment-net	<u>129,528,171</u>						<u>135,775,492</u>

Baht						
Consolidated financial statements						
Balance Dec. 31, 2019	Transactions during the year					Balance Dec. 31, 2020
	Additions	Decrease	Transfer in/out	Transfer classified transactions	Exchange difference on transactions financial statements	
<u>Cost</u>						
Land	-	-	-	37,358,915	-	37,358,915
Buildings and structures	-	-	-	36,325,512	-	36,325,512
Tool and equipment	5,406,733	580,890	(107,038)	2,462,819	607,401	8,950,805
Furniture and office equipment	26,682,463	1,126,968	(3,255,943)	6,926,356	1,723,333	33,200,805
Vehicles	24,503,724	834,743	(168,224)	-	-	25,170,243
Assets for rent and demonstration	40,071,980	2,810,072	(9,742,429)	-	-	33,139,623
Assets in progress	-	32,072,560	(52,982)	(9,389,175)	-	22,630,403
Total	96,664,900	37,425,233	(13,326,616)	-	76,015,161	196,776,306
<u>Accumulated depreciation</u>						
Building and structures	-	(456,550)	-	-	(1,424,415)	(1,880,965)
Tool and equipment	(3,381,209)	(713,377)	78,834	-	(190,539)	(4,206,291)
Furniture and office equipment	(20,981,630)	(3,502,736)	3,058,883	-	(270,305)	(21,695,324)
Vehicles	(12,535,942)	(2,322,665)	114,287	-	-	(14,744,320)
Assets for rental and demonstration	(29,099,377)	(4,071,734)	8,500,530	-	-	(24,670,581)
Total	(65,998,158)	(11,067,062)	11,752,534	-	(1,885,259)	(67,197,481)
Less allowance for impairment	-	(50,654)	-	-	-	(50,654)
Property, plant and equipment-net	30,666,742					129,528,171

Baht						
Separate financial statements						
Balance Dec. 31, 2020	Transactions during the year					Balance Dec. 31, 2021
	Additions	Decrease	Transfer in/out	Transfer classified transactions		
<u>Cost</u>						
Land	37,358,915	-	-	-	-	37,358,915
Buildings and structures	36,325,512	-	-	-	-	36,325,512
Tool and equipment	8,948,395	394,203	(7,180)	533,354	-	9,868,772
Furniture and office equipment	33,073,939	1,785,459	(3,450,763)	17,563,072	-	48,971,707
Vehicles	25,170,243	82,736	(1,315,646)	-	-	23,937,333
Assets for rent and demonstration	33,139,623	3,720,173	(2,804,563)	18,621,703	-	52,676,936
Assets in progress	22,630,403	15,309,525	(574,019)	(36,718,129)	(30,280)	617,500
Total	196,647,030	21,292,096	(8,152,171)	-	(30,280)	209,756,675
<u>Accumulated depreciation</u>						
Buildings and structures	(1,880,965)	(908,137)	-	-	-	(2,789,102)
Tool and equipment	(4,206,205)	(1,271,842)	7,178	-	-	(5,470,869)
Furniture and office equipment	(21,683,257)	(4,668,390)	3,403,640	-	-	(22,948,007)
Vehicles	(14,744,320)	(1,815,468)	1,172,150	-	-	(15,387,638)
Assets for rental and demonstration	(24,670,581)	(5,292,891)	2,461,698	-	-	(27,501,774)
Total	(67,185,328)	(13,956,728)	7,044,666	-	-	(74,097,390)
Less Equipment allowance	(50,654)	-	50,654	-	-	-
Property, plant and equipment-net	129,411,048					135,659,285

Baht					
Separate financial statements					
	Transactions during the year				Balance Dec. 31, 2020
	Balance Dec. 31, 2019	Additions	Decrease	Transfer in/out Transfer classified transactions	
<u>Cost</u>					
Land	-	-	-	-	37,358,915
Buildings and structures	-	-	-	-	36,325,512
Tool and equipment	5,406,733	578,480	(107,038)	2,462,819	607,401
Furniture and office equipment	26,682,463	997,730	(3,255,943)	6,926,356	1,723,333
Vehicles	24,503,724	834,743	(168,224)	-	-
Assets for rent and demonstration	40,071,980	2,810,072	(9,742,429)	-	-
Assets in progress	-	32,072,560	(52,982)	(9,389,175)	-
Total	96,664,900	37,293,585	(13,326,616)	-	76,015,161
<u>Accumulated depreciation</u>					
Buildings and structures	-	(456,550)	-	-	(1,424,415)
Tool and equipment	(3,381,209)	(713,291)	78,834	-	(190,539)
Furniture and office equipment	(20,981,630)	(3,490,204)	3,058,882	-	(270,305)
Vehicles	(12,535,942)	(2,322,665)	114,287	-	-
Assets for rental and demonstration	(29,099,377)	(4,071,734)	8,500,530	-	-
Total	(65,998,158)	(11,054,444)	11,752,533	-	(1,885,259)
<u>Less</u> Equipment allowance	-	(50,654)	-	-	-
Property, plant and equipment-net	30,666,742				129,411,048

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation for the years				
- cost of sale	4,070,940	3,833,232	4,070,459	3,833,145
- Distribution cost and administrative expenses	9,914,273	7,233,830	9,886,269	7,221,299
Total	13,985,213	11,067,062	13,956,728	11,054,444

As at December 31, 2021 and 2020, the Company and its subsidiaries had equipment which were fully depreciated but still in use with the cost price of Baht 34.68 million and Baht 36.52 million, respectively (for the Company's only amounting to Baht 34.68 million and Baht 36.52 million, respectively).

During the year 2020, the Company has transferred investment property to property, plant and equipment with book value of Baht 74.13 million, due to change in holding objective (Note 11).

13. RIGHT-OF-USE ASSETS

13.1 Right-of-use assets consists of:

	Baht					
	Consolidated financial statements / Separate financial statements					
	Balance as at	Transactions during the year				Balance as at
	December 31, 2020	Addition	Change in conditions/writ ten-off	Transfer-in (Transfer-out)		December 31, 2021
<u>At cost</u>						
Building	104,557,640	-	-	-	104,557,640	
Equipment	541,917	442,996	-	-	984,913	
Total	105,099,557	442,996	-	-	105,542,553	
<u>Less Accumulated depreciation</u>						
Building	(118,458)	(10,953,288)	-	-	(11,071,746)	
Equipment	(12,795)	(204,330)	-	-	(217,125)	
Total	(131,253)	(11,157,618)	-	-	(11,288,871)	
Right-of-use assets - net	<u>104,968,304</u>				<u>94,253,682</u>	

	Baht					
	Consolidated financial statements / Separate financial statements					
	Balance as at	Transactions during the year				Balance as at
	December 31, 2019	Addition	Change in conditions/writ ten-off	Transfer-in (Transfer-out)		December 31, 2020
<u>At cost</u>						
Building	2,814,619	104,557,640	(2,814,619)	-	104,557,640	
Equipment	-	541,917	-	-	541,917	
Total	2,814,619	105,099,557	(2,814,619)	-	105,099,557	
<u>Less Accumulated depreciation</u>						
Building	-	(665,746)	547,288	-	(118,458)	
Equipment	-	(12,795)	-	-	(12,795)	
Total	-	(678,541)	578,541	-	(131,253)	
Right-of-use assets - net	<u>2,814,619</u>				<u>104,968,304</u>	

The Company and its subsidiary lease several assets including office building which lease term 10 years, warehouse which lease term 3 years and equipment of which lease term 4 years.

14. 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, 2020 and 2019, 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.

Later, during the year ended December 31, 2021 the Company has tested for impairment of goodwill by hiring an independent appraiser in assessing the value of the Refrigeration System and Digital Printing System dated October 26, 2021. In assessing the Value in Use, the present value of future free cash flow or DCF expected to be received in each year from the financial forecast 5 years (from January 1, 2022 to December 31, 2026) with discounted rate obtained from the calculation of the weighted average cost of capital : WACC of the business unit.

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
	2021	2020	
- Discount rate	8.72% (Weighted Average Cost of Capital: WACC)	6.12% (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%	0%	Appropriate estimated rate

15. CUSTOMER RELATIONSHIP

Customer relationship were consisted of:

	Baht			
	Consolidated financial statements / Separate financial statements			
	Balance Dec. 31, 2020	Transactions during the year		Balance Dec. 31, 2021
	Addition	Decrease		
<u>Cost</u>				
Customer relationship	104,307,663	-	-	104,307,663
<u>Less</u> accumulated amortization	(63,975,009)	(13,854,860)	-	(77,829,869)
Customer relationship - net	<u>40,332,654</u>			<u>26,477,794</u>

	Baht			
	Consolidated financial statements / Separate financial statements			
	Balance	Transactions during the year		Balance
	Dec. 31, 2019	Addition	Decrease	Dec. 31, 2020
<u>Cost</u>				
Customer relationship	104,307,663	-	-	104,307,663
<u>Less</u> accumulated amortization	(46,027,850)	(17,947,159)	-	(63,975,009)
Customer relationship - net	<u>58,279,813</u>			<u>40,332,654</u>

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation for the years				
- Administrative expenses	<u>13,854,860</u>	<u>17,947,159</u>	<u>13,854,860</u>	<u>17,947,159</u>

16. INTANGIBLE ASSET

Intangible asset were consisted of:

	Baht					
	Consolidated financial statements / Separate financial statements					
	Balance	Transactions during the year				Balance
	Dec. 31, 2020	Addition	Decrease	Transfer In / out	Transfer classified transactions	Dec. 31, 2021
<u>Cost</u>						
Software licenses	39,901,355	312,500	-	2,031,180	-	42,245,035
Software in progress	-	2,000,900	-	(2,031,180)	30,280	-
Total	<u>39,901,355</u>	<u>2,313,400</u>	<u>-</u>	<u>-</u>	<u>30,280</u>	<u>42,245,035</u>
<u>Less</u> Accumulated amortization						
Software licenses	(21,885,845)	(4,374,180)	-	-	-	(26,260,025)
Total	<u>(21,885,845)</u>	<u>(4,374,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,260,025)</u>
Intangible asset-net	<u>18,015,510</u>					<u>15,985,010</u>

	Baht				
	Consolidated financial statements / Separate financial statements				
	Balance	Transactions during the year			Balance
	Dec. 31, 2019	Addition	Decrease	Transfer In / out	Dec. 31, 2020
<u>Cost</u>					
Software licenses	38,035,264	364,000	(168,298)	1,670,389	39,901,355
Software in progress	906,952	763,437	-	(1,670,389)	-
Total	<u>38,942,216</u>	<u>1,127,437</u>	<u>(168,298)</u>	<u>-</u>	<u>39,901,355</u>
<u>Less</u> Accumulated amortization					
Software licenses	(17,995,143)	(4,058,998)	168,296	-	(21,885,845)
Total	<u>(17,995,143)</u>	<u>(4,058,998)</u>	<u>168,296</u>	<u>-</u>	<u>(21,885,845)</u>
Intangible asset-net	<u>20,947,073</u>				<u>18,015,510</u>

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation for the years				
- cost of rendering of services	871,654	881,186	871,654	881,186
- Administrative expenses	3,502,526	3,177,812	3,502,526	3,177,812
Total	4,374,180	4,058,998	4,374,180	4,058,998

As at December 31, 2021 and 2020, the Company and its subsidiaries had intangible assets which were fully depreciated but still in use with the cost price of Baht 3.66 million and Baht 3.42 million, respectively (for the Company's only amounting to Baht 3.66 million and Baht 3.42 million, respectively).

17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
		(dRestate)		(dRestate)
Deferred tax assets	9,425,953	4,589,612	9,389,839	4,572,978
Deferred tax liabilities	(54,146)	-	-	-
	9,371,807	4,589,612	9,389,839	4,572,978

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2021 and 2020 were summarized as follows:

	Baht			
	Consolidated financial statements			Balance as at Dec. 31, 2021
	Balance as at Dec. 31, 2020 (Restated)	Income (expenses) during the year		
In profit or loss		In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful accounts	2,315,859	234,797	-	2,550,656
Allowance for devaluation of inventories	6,013,408	784,413	-	6,797,821
Allowance for impairment of investment	49,564	-	-	49,564
Allowance for impairment of equipment	10,131	(10,131)	-	-
Lease agreements	486	436,371	-	436,857
Non-current provisions for employee benefit	5,183,911	404,280	(208,036)	5,380,155
Derivatives liabilities	83,377	(38,442)	-	44,935
Unearned revenue	-	29,386	-	29,386
Employee joint investment program expenses	746,570	532,706	-	1,279,276
Total	14,403,306	2,373,380	(208,036)	16,568,650

	Baht				
	Consolidated financial statements				
	Balance as at	Income (expenses) during the year			Balance as at
	Dec. 31, 2020 (Restated)	In profit or loss	In other comprehensive income		Dec. 31, 2021
Deferred tax liabilities:					
Inventories (from fair value adjustment of business combination)	93,358	34,775	-	58,583	
Equipment (from fair value adjustment of business combination)	54,161	53,673	-	488	
Unrealized gain (loss) on temporary investments	-	(487,854)	-	487,854	
Customer relationship (from fair value adjustment of business combination)	8,066,531	2,770,972	-	5,295,559	
Depreciation of equipment	231,351	(33,330)	-	264,681	
Finance lease assets	1,368,293	355,465	-	1,012,828	
Prepaid expenses	-	(76,850)	-	76,850	
Total	9,813,694	2,616,851	-	7,196,843	
Deferred tax assets (liabilities) - net	4,589,612			9,371,807	
Deferred tax income (expenses) - net		4,990,231	(208,036)		

	Baht				
	Consolidated financial statements				
	Balance as at	Income (expenses) during the year			Balance as at
	Dec. 31, 2019	In profit or loss	In other comprehensive income		Dec. 31, 2020 (Restated)
Deferred tax assets:					
Allowance for doubtful accounts	1,465,236	850,623	-	2,315,859	
Allowance for devaluation of inventories	4,878,788	1,134,620	-	6,013,408	
Allowance for impairment of investment	1,195	48,369	-	49,564	
Allowance for impairment of equipment	-	10,131	-	10,131	
Lease agreements	-	486	-	486	
Non-current provisions for employee benefit	4,732,365	451,546	-	5,183,911	
Derivatives liabilities	129,613	(46,236)	-	83,377	
Employee joint investment program	-	746,570	-	746,570	
Total	11,207,197	3,196,109	-	14,403,306	
Deferred tax liabilities:					
Inventories (from fair value adjustment of business combination)	110,138	16,780	-	93,358	
Equipment (from fair value adjustment of business combination)	204,113	149,952	-	54,161	
Unrealized gain (loss) on temporary investments	650,411	650,411	-	-	
Customer relationship (from fair value adjustment of business combination)	11,655,963	3,589,432	-	8,066,531	
Depreciation of equipment	188,805	(42,546)	-	231,351	
Finance lease assets	564,065	(804,228)	-	1,368,293	
Total	13,373,495	3,559,801	-	9,813,694	
Deferred tax assets (liabilities) - net	(2,166,298)			4,589,612	
Deferred tax income (expenses) - net		6,755,910	-		

	Baht			
	Separate financial statements			
	Balance as at Dec. 31, 2020 (Restated)	Income (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful accounts	2,315,262	233,417	-	2,548,679
Allowance for devaluation of inventories	6,013,408	784,413	-	6,797,821
Allowance for impairment of investment	49,564	-	-	49,564
Allowance for impairment of equipment	10,131	(10,131)	-	-
Lease agreements	486	436,371	-	436,857
Non-current provisions for employee benefit	5,167,874	385,193	(208,036)	5,345,031
Derivatives liabilities	83,377	(38,442)	-	44,935
Employee joint investment program expenses	746,570	532,706	-	1,279,276
Total	<u>14,386,672</u>	<u>2,323,527</u>	<u>(208,036)</u>	<u>16,502,163</u>
Deferred tax liabilities:				
Inventories (from fair value adjustment of business combination)	93,358	34,775	-	58,583
Equipment (from fair value adjustment of business combination)	54,161	53,673	-	488
Unrealized gain (loss) on temporary investments	-	(487,854)	-	487,854
Customer relationship (from fair value adjustment of business combination)	8,066,531	2,770,972	-	5,295,559
Depreciation of equipment	231,351	(25,661)	-	257,012
Finance lease assets	1,368,293	355,465	-	1,012,828
Total	<u>9,813,694</u>	<u>2,701,370</u>	<u>-</u>	<u>7,112,324</u>
Deferred tax assets (liabilities) - net	<u>4,572,978</u>			<u>9,389,839</u>
Deferred tax income (expenses) - net		<u>5,024,897</u>	<u>(208,036)</u>	

	Baht			
	Separate financial statements			
	Balance as at Dec. 31, 2019	Income (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful accounts	1,465,236	850,026	-	2,315,262
Allowance for devaluation of inventories	4,878,788	1,134,620	-	6,013,408
Allowance for impairment of investment	1,195	48,369	-	49,564
Allowance for impairment of equipment	-	10,131	-	10,131
Lease agreements	-	486	-	486
Non-current provisions for employee benefit	4,732,365	435,509	-	5,167,874
Derivatives liabilities	129,613	(46,236)	-	83,377
Employee joint investment program expenses	-	746,570	-	746,570
Total	<u>11,207,197</u>	<u>3,179,475</u>	<u>-</u>	<u>14,386,672</u>
Deferred tax liabilities:				
Inventories (from fair value adjustment of business combination)	110,138	16,780	-	93,358
Equipment (from fair value adjustment of business combination)	204,113	149,952	-	54,161
Unrealized gain (loss) on temporary investments	650,411	650,411	-	-
Customer relationship (from fair value adjustment of business combination)	11,655,963	3,589,432	-	8,066,531
Depreciation of equipment	188,805	(42,546)	-	231,351
Finance lease assets	564,065	(804,228)	-	1,368,293
Total	<u>13,373,495</u>	<u>3,559,801</u>	<u>-</u>	<u>9,813,694</u>
Deferred tax assets (liabilities) - net	<u>(2,166,298)</u>			<u>4,572,978</u>
Deferred tax income (expenses) - net		<u>6,739,276</u>	<u>-</u>	

18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade payables				
Trade payables - other companies	115,246,936	93,625,735	114,457,732	90,604,594
Other current payables				
Accrued commission expenses	13,220,166	13,891,115	13,220,166	13,891,115
Accrued bonus	10,202,941	13,957,340	10,202,941	13,849,556
Advance from customers for goods and services	35,351,729	20,832,788	35,091,043	20,533,687
Other accrued expenses	18,842,437	14,228,808	18,315,201	14,105,711
Account payable - Revenue department	2,978,290	4,330,726	2,806,379	4,266,891
Other deposit	1,244,220	1,094,940	1,322,220	1,094,940
Other	6,863,430	5,698,544	6,863,430	5,698,544
Total	<u>88,703,213</u>	<u>74,034,261</u>	<u>87,821,380</u>	<u>73,440,444</u>
Total trade and other current payables	<u>203,950,149</u>	<u>167,659,996</u>	<u>202,279,112</u>	<u>164,045,038</u>

19. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2021 and 2020 are presented below.

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	104,970,733	2,814,619	104,970,733	2,814,619
Addition	442,996	105,099,557	442,996	105,099,557
Accretion of interest	2,301,737	90,655	2,301,737	90,655
Payments	(11,277,500)	(738,630)	(11,277,500)	(738,630)
Decrease from contract cancellation	-	(2,295,468)	-	(2,295,468)
Ending balance	96,437,966	104,970,733	96,437,966	104,970,733
Less: current portion	(9,055,775)	(8,918,127)	(9,055,775)	(8,918,127)
Lease liabilities - net of current portion	<u>87,382,191</u>	<u>96,052,606</u>	<u>87,382,191</u>	<u>96,052,606</u>

Amounts recognized in the statement of comprehensive income for the years ended December 31, 2021 and 2020 are comprise;

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation of right-of-use assets	11,157,618	678,541	11,157,618	678,541
Interest expense on lease liabilities	2,301,737	90,655	2,301,737	90,655
Expense relating to short-term lease	380,552	8,987,586	380,552	8,836,786
Leases of low-value assets	268,214	511,399	237,756	508,950
Total	<u>14,108,121</u>	<u>10,268,181</u>	<u>14,077,663</u>	<u>10,114,932</u>

For the year ended December 31, 2021 and 2020, the Company and its subsidiaries had rental income from investment property in the amount of Baht 11,926,266 and Baht 10,237,615, respectively (for the Company's only amounting to Baht 11,895,808 and Baht 10,084,366, respectively) and also had non-cash additions to right-of-use assets and lease liabilities of Baht 442,996 and Baht 105,099,557, respectively (for the Company's only amounting to Baht 442,996 and Baht 105,099,557, respectively).

20. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movements of non-current provisions for employee benefit for the years ended December 31, 2021 and 2020 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance defined benefit obligations	27,765,012	25,513,846	27,684,826	25,513,846
Current service costs and interest	1,907,265	2,651,166	1,811,827	2,570,980
Actuarial (gain) loss	(1,040,182)	-	(1,040,182)	-
Benefits paid by the plan	(664,000)	(400,000)	(664,000)	(400,000)
Ending balance defined benefit obligations	<u>27,968,095</u>	<u>27,765,012</u>	<u>27,792,471</u>	<u>27,684,826</u>

The statements of comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current service costs				
Cost of sales	219,465	410,182	204,414	379,291
Distribution cost	569,377	852,641	569,377	852,641
Administrative expenses	728,697	964,055	648,310	914,760
Interest on obligation	389,726	424,288	389,726	424,288
Total	<u>1,907,265</u>	<u>2,651,166</u>	<u>1,811,827</u>	<u>2,570,980</u>

Actuarial (gain) loss

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Actuarial (gain) loss arising from				
Changes in demographic assumptions	387,723	-	387,723	-
Changes in financial assumptions	(2,371,661)	-	(2,371,661)	-
Experience adjustments	943,756	-	943,756	-
Total	<u>(1,040,182)</u>	<u>-</u>	<u>(1,040,182)</u>	<u>-</u>

Principal actuarial assumptions at the reporting date for the years ended December 31, 2021 and 2020 are as follow:

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate	1.92 - 2.32	1.50 - 1.80	1.92 - 2.32	1.50 - 1.80
Salary increase rate	4.00	4.50	4.00	4.50
Employee turnover rate	4.78 - 28.65	4.78 - 28.65	4.78 - 28.65	4.78 - 28.65
Mortality rate	105.00% of Thai Mortality Ordinary Table 2017	100% of Thai Mortality Ordinary Table 2017	105.00% of Thai Mortality Ordinary Table 2017	100.00% of 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, 2021 and 2020 are summarized below:

	2021			
	Consolidated financial statements/Separate financial statements			
	%		Baht	
	Increase	Decrease	Increase	Decrease
Discount rate	1	(1)	(2,440,716)	2,850,146
Salary increase rate	1	(1)	2,402,291	(2,092,552)
Turnover rate	20	(20)	(2,862,237)	3,448,983
Mortality rate	20	(20)	(282,946)	286,890
	2020			
	Consolidated financial statements/Separate financial statements			
	%		Baht	
	Increase	Decrease	Increase	Decrease
Discount rate	1	(1)	(2,507,936)	2,929,634
Salary increase rate	1	(1)	2,645,897	(2,292,562)
Turnover rate	20	(20)	(3,346,202)	4,149,202
Mortality rate	20	(20)	(316,605)	321,329

21. 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.

22. 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, 2020 to April 30, 2025, with a total duration of 5 years. (Formerly from May 1, 2015 to April 30, 2020)
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 5-30% of each month (Formerly 5-25%). 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

Movements of the employee joint investment program for the years ended December 31, 2021 and 2020 were as follows:

	Baht					
	Consolidated financial statements			Separate financial statements		
	2021			2020		
Surplus on share-based payment transactions	(Less) Treasury shares	Net	Surplus on share-based payment transactions	(Less) Treasury shares	Net	
Beginning balance	6,602,402	(2,869,554)	3,732,848	-	-	-
Movements of the year						
- Employee joint investment program expenses	7,219,655	-	7,219,655	6,602,402	-	6,602,402
- Employee joint investment program expenses paid	-	(4,556,124)	(4,556,124)	-	(2,869,554)	(2,869,554)
Ending balance	13,822,057	(7,425,678)	6,396,379	6,602,402	(2,869,554)	3,732,848

The statements of comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

	Baht	
	Consolidated financial statements / Separate financial statements	
	2021	2020
Cost of sales	1,049,582	979,861
Distribution cost	2,683,116	2,408,721
Administrative expenses	3,486,957	3,213,820
	<u>7,219,655</u>	<u>6,602,402</u>

23. 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.

24. APPROPRIATION OF RETAINED EARNINGS

According to the resolution of the Board of Directors' Meeting No. 1/2021 held on February 25, 2021, the Board of Directors approved dividend payment at Baht 0.13 per share for 584,500,000 issued and paid-up ordinary shares, in total amount of Baht 75,984,558. The dividend declaration had been approved from Annual General Shareholders' Meeting No. 1/2021 on April 23, 2021. The dividend was paid on May 14, 2021.

According to the Annual General Meeting of shareholders for the year 2020, held on August 3, 2020, the shareholders approved the appropriation of legal reserve at 5% of annual net profit in the amount of Baht 2.16 million and considered the acknowledgement the interim dividend payment approved by the Board of directors' meeting No.3/2020 held on April 16, 2020, the directors approved the interim dividend payment at the rate of 0.18 baht per share for the issued and paid-up shares of 584,500,000 shares, amounting to Baht 105,209,568. The dividend was paid on May 15, 2020.

25. 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.

Thousand Baht										
Separate financial statements										
2021						2020 (Restated)				
Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total	
Assets for reportable segments										
Trade receivables -										
other companies	122,385	16,377	45,003	49,383	233,148	119,907	16,737	35,533	45,741	217,918
Inventories	183,577	4,063	66,655	71,695	325,990	127,853	6,282	58,918	61,103	254,156
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	19,242	7,236	26,478	-	-	29,318	11,015	40,333
Assets under common use										
- Investment property	-	-	-	-	153,943	-	-	-	-	154,591
- Property, plant and equipment	-	-	-	-	135,659	-	-	-	-	129,411
- Right-of-use assets	-	-	-	-	94,254	-	-	-	-	104,968
- Intangible assets	-	-	-	-	15,985	-	-	-	-	18,016
- Others	-	-	-	-	362,609	-	-	-	-	400,468
Total assets for reportable segments										
	<u>305,962</u>	<u>20,440</u>	<u>330,966</u>	<u>262,920</u>	<u>1,682,738</u>	<u>247,760</u>	<u>23,019</u>	<u>323,835</u>	<u>252,465</u>	<u>1,654,533</u>
Total liabilities for reportable segments										
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,129</u>

For the years ended December 31, 2021 and 2020, there was no revenue from sales and service with a single external customers contributed 10% or more to the total revenue.

27. EXPENSE BY NATURE

Expenses by nature for the years ended December 31, 2021 and 2020 consist of the significant expenses were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
		(Restated)		(Restated)
Purchases of finished goods	675,993,144	634,274,550	671,651,943	611,319,681
Other changes in finished goods and work in process				
	(70,444,004)	47,187,888	(71,835,105)	48,627,117
Employee expenses	184,861,927	189,859,891	179,543,249	186,721,203
Office rental and service expenses	1,036,850	10,429,235	987,127	10,227,436
Depreciation and amortization	44,020,523	34,998,103	43,992,038	34,985,483
Others	118,309,361	130,875,133	116,351,745	128,891,619
Total	<u>953,777,801</u>	<u>1,047,624,800</u>	<u>940,690,997</u>	<u>1,020,772,539</u>

28. INCOME TAX EXPENSE

28.1 Major components of income tax expense

For the years ended December 31, 2021 and 2020 consisted of:

	חבר			
	Consolidated financial statements		Separate financial statements	
	2021	2020 (Restated)	2021	2020 (Restated)
Income tax expense shown in profit or loss :				
Current tax expense:				
Income tax expense for the years	22,803,504	30,577,605	22,674,224	30,572,330
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	<u>(4,990,231)</u>	<u>(6,755,910)</u>	<u>(5,024,897)</u>	<u>(6,739,276)</u>
Total	<u>17,813,273</u>	<u>23,821,695</u>	<u>17,649,327</u>	<u>23,833,054</u>
Income tax relating to components of other comprehensive income:				
Deferred tax expenses (income) relating to Gain (loss) on re-measurements of defined benefits plans	<u>208,036</u>	<u>-</u>	<u>208,036</u>	<u>-</u>
Total	<u>18,021,309</u>	<u>23,821,695</u>	<u>17,857,363</u>	<u>23,833,054</u>

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

For the years ended December 31, 2021 and 2020, which were summarized as follows:

	חבר			
	Consolidated financial statements		Separate financial statements	
	2021	2020 (Restated)	2021	2020 (Restated)
Accounting profit for the years	<u>90,045,119</u>	<u>121,711,020</u>	<u>89,812,214</u>	<u>121,026,017</u>
The applicable tax rate (%)	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>
Income tax expense at the applicable tax rate	<u>18,009,024</u>	<u>24,342,204</u>	<u>17,962,443</u>	<u>24,205,203</u>
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	417,247	184,927	362,777	122,762
Addition expenses deductible for tax purpose	(705,156)	(498,287)	(701,781)	(494,911)
Other	92,158	(207,149)	25,888	-
Total reconciliation items	<u>(195,751)</u>	<u>(520,509)</u>	<u>(313,116)</u>	<u>(372,149)</u>
Total tax expense (income)	<u>17,813,273</u>	<u>23,821,695</u>	<u>17,649,327</u>	<u>23,833,054</u>

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

For the years ended December 31, 2021 and 2020 were summarized as follows:

	Consolidated financial statements			
	2021		2020	
			(Restated)	
	Tax amount	Tax rate	Tax amount	Tax rate
	(Baht)	(%)	(Baht)	(%)
Accounting profit before income tax expense for the years	90,045,119		121,711,020	
Income tax expense at the applicable tax rate	18,009,024	20.00	24,342,204	20.00
Reconciliation items	(195,751)	(0.22)	(520,509)	(0.43)
Income tax expense at the average effective tax rate	17,813,273	19.78	23,821,695	19.57

	Separate financial statements			
	2021		2020	
			(Restated)	
	Tax amount	Tax rate	Tax amount	Tax rate
	(Baht)	(%)	(Baht)	(%)
Accounting profit before income tax expense for the years	89,812,214		121,026,017	
Income tax expense at the applicable tax rate	17,962,443	20.00	24,205,203	20.00
Reconciliation items	(313,116)	(0.35)	(372,149)	(0.30)
Income tax expense at the average effective tax rate	17,649,327	19.65	23,833,054	19.70

29. 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.

	Consolidated financial Statements		Separate financial statements	
	2021	2020	2021	2020
		(Restated)		(Restated)
Profit for the years of parent company (Baht)	72,271,139	97,983,060	72,162,887	97,192,963
Weighted average number of ordinary shares (Shares)	584,500,000	584,500,000	584,500,000	584,500,000
Basic earnings per share (Baht per share)	0.12	0.17	0.12	0.17

30. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2021 and 2020, the Company and its subsidiaries had commitments and contingent liabilities as follows :

30.1 As at December 31, 2021 and 2020, the Company and its subsidiaries have letters of guarantee issued by banks for goods and work under system installation service agreement of:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Million Baht	32.90	21.04	32.90	21.04
Million US dollars	0.15	0.27	0.15	0.27

30.2 The credit facilities with financial institutions as at December 31, 2021 and 2020 consisted of :

Type of credit	Consolidated financial statements / Separate financial statements			
	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2021	2020	2021	2020
Bank overdrafts	10.00	10.00	MOR, MOR-0.50	MOR, MOR-0.50
Letter of credit/trust receipt	150.00	150.00	MLR-1, MMR	MLR-1, MMR
Letter of guarantee	74.00	74.00	1.25 - 2%	1.25 - 2%
Forward exchange contracts	560.00	560.00	-	-
Total	794.00	794.00		
Forward foreign exchange contracts (Million US dollars)	7.00	7.00		

30.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Due not later than 1 year	0.53	0.84	0.52	0.81
Due later than 1 year but not later than 5 years	1.04	1.38	1.04	1.37

Rental and service expenses for the years ended December 31, 2021 and 2020 are Baht 1.04 million and Baht 10.43 million, respectively (for the Company's only to Baht 0.99 million and Baht 10.23 million, respectively).

30.4 Commitment on capital expenditure

30.4.1 As at December 31, 2021 the Company has commitment to pay under computer equipment and access control system for office building contract totaled Baht 13.89 million. The Company has an outstanding commitment under the agreement amounted Baht 5.93 million.

30.4.2 As at December 31, 2021 the Company has commitment to pay under furniture and fixtures purchase contract totaled Baht 2.18 million. The Company has an outstanding commitment under the agreement amounted Baht 0.45 million

31. FAIR VALUE MEASUREMENT

The Company and its subsidiaries 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 and its subsidiaries 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, 2021 and 2020, the Company and its subsidiaries had the following financial assets and liabilities that were measured at fair value on which the fair value hierarchy is classified as follows :

	Baht			
	Consolidated financial statements / Separate financial statement			
	2021			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in unit trusts	-	39,614,195	-	39,614,195
Foreign currency forward contracts	-	(16,713)	-	(16,713)
	Baht			
	Consolidated financial statements / Separate financial statements			
	2020			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in unit trusts	-	6,957,944	-	6,957,944
Foreign currency forward contracts	-	(361,039)	-	(361,039)

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 year, 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, 2021 and 2020.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	Consolidated financial statements/Separate financial statements			
	2021	2020		
<u>Financial assets (liabilities)</u>				
Foreign currency forward contracts	(16,713)	(361,039)	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 and its subsidiaries are as follows:

Cash and cash equivalents, trade and other current 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 current 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.

34. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company and its subsidiaries are 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 and its subsidiaries do not hold or use derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company and its subsidiaries. The Company and its subsidiaries have 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 and its subsidiaries are 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 and its subsidiaries define 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 and its subsidiaries are exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Company and its subsidiaries primarily utilize 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, 2021 and 2020, the Company and its subsidiaries have financial liabilities in foreign currencies as follows;

	Foreign Currencies			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Not hedged				
US dollar	722,806	-	722,806	-
EURO	124,492	178,477	124,492	178,477
GBP	364,620	234,891	361,055	234,891
SGD	-	1,250	-	1,250

Derivatives

Derivatives are forward foreign exchange contracts used for economic hedging purposes and not as speculative investments. However, derivatives do not meet the hedge accounting criteria, therefore they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be realized within 12 months after the end of the reporting period.

As at December 31, 2021 and 2020, the Company had gain (loss) from changes in fair value of derivatives in the amount of Baht (0.02) million and Baht (0.36) million, respectively.

Net foreign exchange gains (losses)

For the years ended December 31, 2021 and 2020, the aggregate net foreign exchange gains (losses) recognized in profit or loss are as follow:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Unrealized gain (loss) on exchange rates	1,464,834	333,095	1,615,513	41,531
Gain (loss) on exchange rates				
- Sales	2,140,457	1,604,608	2,081,156	1,296,854
Total net gain (loss) on exchange rate recognized in profit before income tax	<u>3,605,291</u>	<u>1,937,703</u>	<u>3,696,669</u>	<u>1,338,385</u>

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 and its subsidiaries are customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

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

Classification and measurement of financial asset and financial liabilities

	Baht					
	Consolidated financial statements					
	2021			2020		
	FVPL	Amortized cost	Total	FVPL	Amortized cost	Total
Financial assets						
Cash and cash equivalents	-	242,830,421	242,830,421	-	306,074,340	306,074,340
Trade and other current receivables	-	255,438,587	255,438,587	-	250,986,608	250,986,608
Current contract assets	-	10,215,840	10,215,840	-	12,797,613	12,797,613
Other non-current financial assets	39,614,195	-	39,614,195	6,957,944	-	6,957,944
Trade and other non-current receivables	-	9,182,297	9,182,297	-	11,251,986	11,251,986
Other non-current assets	-	28,306,373	28,306,373	-	25,186,460	25,186,460
	<u>39,614,195</u>	<u>545,973,518</u>	<u>585,587,713</u>	<u>6,957,944</u>	<u>606,297,007</u>	<u>613,254,951</u>
Financial liabilities						
Trade and other current payables	-	203,950,149	203,950,149	-	167,659,996	167,659,996
Current portion for lease liabilities	-	9,055,775	9,055,775	-	8,918,127	8,918,127
Short-term loan from related party	-	500,000	500,000	-	-	-

Baht						
Separate financial statements						
2021			2020			
FVPL	Amortized cost	Total	FVPL	Amortized cost	Total	
Financial assets						
Cash and cash equivalents	-	237,687,826	237,687,826	-	299,318,282	299,318,282
Trade and other current receivables	-	253,139,212	253,139,212	-	250,372,389	250,372,389
Current contract assets	-	8,316,793	8,316,793	-	12,054,033	12,054,033
Other non-current financial assets	39,614,195	-	39,614,195	6,957,944	-	6,957,944
Trade and other non-current receivables	-	9,182,927	9,182,927	-	11,251,986	11,251,986
Other non-current assets	-	28,306,373	28,306,373	-	25,186,460	25,186,460
	<u>39,614,195</u>	<u>536,633,131</u>	<u>576,247,326</u>	<u>6,957,944</u>	<u>598,183,150</u>	<u>605,141,094</u>
Financial liabilities						
Trade and other current payables	-	202,279,112	202,279,112	-	164,045,038	164,045,038
Current portion for lease liabilities	-	9,055,775	9,055,775	-	8,918,127	8,918,127
Lease liabilities	-	87,382,191	87,382,191	-	96,052,606	96,052,606
Other non-current liabilities	-	26,067,217	26,067,217	-	24,937,360	24,937,360
	<u>-</u>	<u>324,784,295</u>	<u>324,784,295</u>	<u>-</u>	<u>293,953,131</u>	<u>293,953,131</u>

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2021 and 2020 are as follows:

Baht				
Consolidated financial statements / Separate financial statements				
Balance as at	Cash flows	Non-cash transaction	Balance as at	
Jan. 1, 2021	Increase	Increase	Dec. 31, 2021	
	(decrease)*			
Lease liabilities	104,970,733	(11,277,500)	2,744,733	96,437,966
Total	<u>104,970,733</u>	<u>(11,277,500)</u>	<u>2,744,733</u>	<u>96,437,966</u>

Baht				
Consolidated financial statements / Separate financial statements				
Balance as at	Cash flows	Non-cash transaction	Balance as at	
Jan. 1, 2020	Increase	Increase	Dec. 31, 2020	
	(decrease)*			
Lease liabilities	2,814,619	(738,630)	102,894,744	104,970,733
Total	<u>2,814,619</u>	<u>(738,630)</u>	<u>102,894,744</u>	<u>104,970,733</u>

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

34. EVENT AFTER THE REPORTING PERIOD

Dividend payment

According to the resolution of the Board of Directors' Meeting No. 1/2022 held on February 25, 2022, the Board of Directors approved dividend payment at Baht 0.10 per share for 584,500,000 issued and paid up ordinary shares, in total amount of Baht 58,450,000. The dividend declaration will be proposed to the next Annual General Shareholders' Meeting for approval.

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 25, 2022.