

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of Harn Engineering Solutions Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Harn Engineering Solutions Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

1) Recognition of revenue from sales and service

Risk

The Company has revenue from sales and service derived from four main business segments which are fire protection and projects, sanitary and air-conditioning systems, cold storage devices, and digital printing system for the year ended December 31, 2017 amounting to Baht 1,285.96 million which have different terms and pricing conditions, including revenue from services under the fire protection installation project amounting to Baht 88.62 million or 6.89% of the Company's total revenue from sales and service. The estimate of item that involves the service under the project agreement has an effect on the revenue that the Company recognized in the period, which it has to recognize by the percentage of completion method as at December 31, 2017. I have identified that accuracy and completeness of revenue recognition from sales and service carries significant risk and requires special attention in the audit. The Company has disclosed its accounting policy of revenue from sales and service recognition and detail of revenue from sales and service in the notes to the financial statement No. 3.15 and 24, respectively.

Risk response by auditor

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

2) Testing for impairment of goodwill

Risk

The Company has goodwill of Baht 334.67 million or 22.96% of total assets as at December 31, 2017 which is the goodwill arising from the acquisition and transfer of the entire business of Chillmatch Company Limited which is the cold storage devices segment and Q II S Company Limited which is digital printing system segment. The Company has to test goodwill for impairment annually in accordance with the Thai Financial Reporting Standards. The test of impairment is significant to the audit as the amount has materiality to the financial statements. In addition, the procedure of impairment testing by the management is complex and requires using considerable judgment as well as relying on assumptions, especially the estimates of future cash flows to be received and paid that are expected to generate from the continuing operation of the cash generating unit, and the use of appropriate discount rate in order to discount future cash flow which can change according to the economic conditions and market conditions in the future. The Company has disclosed goodwill in the notes to the financial statements No. 3.10 which describes the accounting policies and No. 12 which describes the amount and key assumptions that may affect the impairment in the future.

Risk response by auditor

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

Other Matter

The financial statements of Harn Engineering Solutions Public Company Limited for the year ended December 31, 2016, presented herein as comparative information, was audited by another auditor whose report thereon dated February 24, 2017, expressed an unmodified opinion.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

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

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 23, 2018

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Thousand Baht	
	Note	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	41,956	35,866
Temporary investments	7	199,119	265,179
Trade and other receivables	8	274,841	291,317
Current portion of finance lease receivables	9	8,783	10,017
Unbilled receivables		11,877	7,140
Inventories	10	291,266	237,566
Other current assets		910	750
TOTAL CURRENT ASSETS		828,752	847,835
NON-CURRENT ASSETS			
General investment		242	242
Long-term finance lease receivables	9	10,473	10,044
Property and equipment	11	150,468	41,565
Goodwill	12	334,672	334,672
Customer relationship	13	88,082	102,983
Intangible assets	14	27,301	26,749
Other non-current assets		17,352	15,761
TOTAL NON-CURRENT ASSETS		628,590	532,016
TOTAL ASSETS		1,457,342	1,379,851

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

		Thousand Baht	
	Note	2017	2016
CURRENT LIABILITIES			
Trade and other payables	16	174,475	176,566
Income tax payable		17,474	12,873
Short-term provisions		-	168
Other current liabilities		5,817	4,641
TOTAL CURRENT LIABILITIES		197,766	194,248
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	13,455	18,957
Employee's benefit obligations	17	14,898	13,910
Other non-current liabilities		16,547	15,097
TOTAL NON-CURRENT LIABILITIES		44,900	47,964
TOTAL LIABILITIES		242,666	242,212

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Thousand Baht	
	Note	2017	2016
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital	19		
584,500,000 ordinary shares of Baht 0.50 each		292,250	292,250
Issued and paid-up share capital			
584,500,000 ordinary shares of Baht 0.50 each		292,250	292,250
Premium on ordinary shares	20	776,416	776,416
Retained earnings			
Appropriated			
Legal reserve	21	20,351	13,867
Unappropriated		125,659	55,106
TOTAL SHAREHOLDERS' EQUITY		1,214,676	1,137,639
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,457,342	1,379,851

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

		Thousand Baht	
	Note	2017	2016
Revenues			
Revenues from sales		1,153,919	571,469
Revenue from rendering of services		132,046	74,048
Other income		14,736	17,206
Total revenues		<u>1,300,701</u>	<u>662,723</u>
Expenses			
Cost of sales		788,388	422,443
Cost of rendering of services		116,652	65,169
Selling expenses		89,369	36,618
Administrative expenses		145,157	87,749
Finance costs		1	21
Total expenses		<u>1,139,567</u>	<u>612,000</u>
Profit before income tax expenses		161,134	50,723
Income tax expenses		31,455	10,192
Profit for the year		<u>129,679</u>	<u>40,531</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) on defined employee benefit plans, net of tax		(37)	4,951
Other comprehensive income (expense) for the year		<u>(37)</u>	<u>4,951</u>
Total comprehensive income for the year		<u><u>129,642</u></u>	<u><u>45,482</u></u>
Earnings per share	27		
Basic earning per share (Bath per share)		<u>0.22</u>	<u>0.11</u>
Weighted average number of ordinary shares (shares)		<u><u>584,500,000</u></u>	<u><u>371,201,370</u></u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

Thousand Baht					
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
Note			Appropriated legal reserve	Unappropriated	
Beginning balance as at January 1, 2016	175,000	218,306	11,841	46,650	451,797
Increase in ordinary shares	117,250	-	-	-	117,250
Premium on ordinary shares	-	558,110	-	-	558,110
Appropriated to legal reserve	-	-	2,026	(2,026)	-
Dividend paid	-	-	-	(35,000)	(35,000)
	22				
Total comprehensive income for the year					
Profit for the year	-	-	-	40,531	40,531
Other comprehensive income for the year	-	-	-	4,951	4,951
Ending balance as at December 31, 2016	292,250	776,416	13,867	55,106	1,137,639
Appropriated to legal reserve	-	-	6,484	(6,484)	-
Dividend paid	-	-	-	(52,605)	(52,605)
	22				
Total comprehensive income for the year					
Profit for the year	-	-	-	129,679	129,679
Other comprehensive income for the year	-	-	-	(37)	(37)
Ending balance as at December 31, 2017	292,250	776,416	20,351	125,659	1,214,676

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Thousand Baht	
	2017	2016
Cash flows from operating activities		
Profit for the year	129,679	40,531
Adjustment to reconcile profit (loss) for the year to net cash provided by (used in) operating activities :-		
Bad debt and allowance for doubtful account (reversal)	(1,125)	2,488
Depreciation and amortization	16,030	5,795
Amortization of customer relationship	14,901	1,325
Loss on devaluation of inventories	(1,566)	8,370
(Gain) loss on disposals of fixed assets	351	227
Unrealized (gain) loss on exchange rate	119	(374)
(Gain) loss on disposals of investment	(7,998)	(2,067)
Unrealized (gain) loss on revaluation of temporary investments	5,349	(7,164)
Interest income	(99)	(104)
Dividend income	(793)	(395)
Employee's benefit expenses	2,843	1,200
Finance costs	1	21
Income tax expense	31,455	10,192
Profit from operating before changes in operating assets and liabilities	189,147	60,045
(Increase) decrease in operating assets		
Trade and other receivables	17,602	(24,257)
Finance lease receivables	805	(456)
Unbilled receivables	(4,737)	5,902
Inventories	(56,604)	(14,577)
Other current assets	(160)	795
Deposit at financial institution used as collateral	-	5,447
Other non-current assets	(1,591)	(503)
Increase (decrease) in operating liabilities		
Trade and other payables	(5,535)	(2,282)
Short-term provisions	(168)	80
Other current liabilities	1,176	(4,634)
Employee's benefit obligations	(1,901)	(535)
Other non-current liabilities	1,450	575
Cash received (paid) from operating	139,484	25,600
Finance costs	(1)	(21)
Income tax paid	(32,347)	(8,189)
Net cash provided by (used in) operating activities	107,136	17,390

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Thousand Baht	
	2017	2016
Cash flows from investing activities		
Cash transfer received from business acquisition	-	40,166
Cash receipts from temporary investments	68,709	727
Cash payments for purchases of property and equipment	(117,264)	(1,638)
Cash receipts from disposal of equipment	581	291
Cash payments for purchases of intangible assets	(1,359)	(6,359)
Interest received	99	104
Dividends received	793	395
Net cash provided by (used in) investing activities	(48,441)	33,686
Cash flows from financing activities		
Cash repayment of short-term loan from financial institution	-	(8,394)
Dividend paid	(52,605)	(35,000)
Net cash provided by (used in) financing activities	(52,605)	(43,394)
Net increase (decrease) in cash and cash equivalents	6,090	7,682
Cash and cash equivalents at beginning of year	35,866	28,184
Cash and cash equivalents at end of year	41,956	35,866
Supplemental disclosures of cash flows information :		
Non-Cash transaction		
Liabilities incurred from acquisition of fixed assets and intangible assets - beginning of period		
Inventories transferred to fixed asset	670	(167)
Construction in progress transferred to fixed assets from business combination	(6,019)	(867)
<u>Add</u> Purchases of fixed assets and intangible assets	128,017	8,361
<u>Less</u> Cash payments	(118,623)	(7,997)
Liabilities incurred from acquisition of fixed assets and intangible assets - ending of period	4,045	(670)

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. GENERAL INFORMATION

(a) Legal status and address

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

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

The addresses of its registered head office are as follows:

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

(b) Nature of the Company's operations

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

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

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

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

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

2.2 The accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016) Presentation of Financial Statements

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources

TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Business combinations

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

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

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

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

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

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

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

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

3.2 Foreign currencies

Transactions in foreign currencies

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

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

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

3.3 Derivative financial instruments

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

The Company entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Note 30.

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

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

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

3.4 Hedge accounting

Fair value hedges accounting

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

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

3.5 Cash and cash equivalents

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

3.6 Temporary investments

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

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

3.7 Trade and other receivables

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

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

3.8 Inventories

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the costs to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

3.9 Property and equipment

Recognition and measurement

Equipment are stated at cost less accumulated depreciation and allowance for impairment (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 equipment.

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

3.10 Goodwill

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

3.11 Intangible asset

Other intangible assets

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

Amortization

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

	Years
Computer software	5 - 10
Customer relationship	7

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

3.12 Impairment of assets

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

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

Calculation of recoverable amount

The recoverable amount is the greater of the assets' fair value less cost to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

3.13 Lease

Operating Lease

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

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

Financial lease

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

3.14 Employee benefits

Short-term benefits

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

Post-employment benefits - defined contribution plan

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

Post-employment benefits - defined benefit plan

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

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

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

3.15 Revenues

3.15.1 Sale of goods

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

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

3.15.2 Revenues from rendering of service

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

3.15.3 Revenue from service contract

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

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

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

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

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

3.15.4 Rental income

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

3.15.5 Interest income and other income

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

Other income is recognized on an accrual basis.

3.16 Expenses

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

3.17 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.

3.18 Income tax

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

Current and deferred tax are recognized as income or expense in the statements of profit or loss and other comprehensive income except to the extent that they relate to a business combination, or items recognized directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any adjustment to tax payable in respect of previous years.

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.19 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.

3.20 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2016), leasing transactions that are within the scope of TAS 17 (Revised 2016), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2016) or value in use in TAS 36 (Revised 2016).

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.

3.21 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's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting policies are as follows:

Impairment

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

Estimated construction project costs

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

Provision for losses on project services contract

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

Provision for penalty from delay delivery

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

Classification of leases

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

Employee benefit obligations

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

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

(2) Key sources of estimation uncertainty

Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages qualified external valuers 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 29.

4. ACQUISITIONS OF BUSINESSES

On November 2, 2016, the Company increased the registered capital by Baht 117,250,000, from Baht 175,000,000 to Baht 292,250,000 by issuing newly 234,500,000 ordinary shares with the par value of Baht 0.50 per share, at the offering price at fair value of Baht 2.88 per share. It represents the issued and paid-up ordinary shares amount of Baht 117,250,000 and premium on ordinary shares of Baht 558,110,000, total value of Baht 675,360,000. The Company took such increased shares in exchange of the entire business transfer of Chillmatch Co., Ltd. and QIIS Co., Ltd. (see Note 19).

Fair value of the net identifiable assets acquired on the date of acquisition were as follows:

	Thousand Baht		
	Chillmatch Co., Ltd.	Q I I S Co., Ltd.	Total
Assets			
Cash and cash equivalents	31,326	8,840	40,166
Trade and other receivables	76,867	69,457	146,324
Current portion of finance lease receivables	-	9,612	9,612
Inventories	66,612	50,600	117,212
Other current assets	723	650	1,373
Deposit at financial institution used as collateral	-	4,167	4,167
General investment	242	-	242
Long-term finance lease receivables	-	9,993	9,993
Equipment	9,167	19,286	28,453
Intangible assets	7,943	7,801	15,744
Customer relationship	75,364	28,943	104,307
Deferred tax assets	1,657	1,682	3,339
Other non-current assets	2,485	7,046	9,531
(Less) Liabilities			
Short-term borrowing from a financial institution	-	(8,394)	(8,394)
Trade and other payables	(45,510)	(37,313)	(82,823)
Income tax payable	(2,541)	(5,776)	(8,317)
Other current liabilities	(4,008)	(3,508)	(7,516)
Other non-current liabilities	(1,839)	(7,011)	(8,850)
Employee benefit obligations	(4,858)	(4,735)	(9,593)
Deferred tax liabilities	(16,584)	(7,698)	(24,282)
Net identifiable assets and liabilities	197,046	143,642	340,688
Consideration paid in exchange of shares(Non-cash items)	397,112	278,248	675,360
Goodwill	200,066	134,606	334,672

5. RELATED PARTY TRANSACTIONS

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

Types of relationship of related parties were as follows :

Company/Person name	Country/ Nationality	Related	Relationship
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Q II S Co., Ltd.* (dissolve in 2016)	Thailand	Subsidiary	Major shareholders
Chillmatch Co., Ltd.* (dissolve in 2016)	Thailand	Subsidiary	Major shareholders
Mr. Jain Charnnarong	Thai	Related person	Shareholder and close member of the director's family
Mrs. Sirima Iamsakulrat	Thai	Related person	Shareholder and close member of the director's family
Key management personnel	Thai	Related person	Authorized person and responsible in management

Bases of measurement for intercompany revenues and expenses

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

* On November 29, 2016, the Company has entered into an agreement to transfer the business of both companies which are the subsidiaries under the business transfer process (Note 4)

Significant agreements with related parties

The Company entered into office building rental agreement as follows:

	As at December 31, 2017		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Mr. Jain Charnnarong	3 years	53,100
	Harn Engineering Co., Ltd.	3 years	498,996
Warehouse rental agreement	Mrs. Sirima Iamsakulrat	3 years	280,900

Balances with the related parties as at December 31, 2017 and 2016 consisted of :

	Thousand Baht	
	2017	2016
Trade and other receivables		
Harn Engineering Co., Ltd.	2,360	3,820

Transactions for the years ended December 31, 2017 and 2016 with related parties were summarized as follows :

	Thousand Baht	
	2017	2016
Purchase of goods		
Chillmatch Co., Ltd.	-	4
Other income		
Q II S Co., Ltd.	-	2,681
Chillmatch Co., Ltd.	-	1,155
	-	3,836
Office rental and service expenses		
Harn Engineering Co., Ltd.	5,988	5,469
Mr. Jain Charnnarong	637	451
	6,625	5,920
Warehouse rental expenses		
Mrs. Sirima Iamsakulrat	3,371	-
Expenses for directors and key management		
Directors remuneration	3,190	3,051
Key management's benefit		
Shot-term employee's benefits	12,255	8,162
Post-employment benefits	442	311
	15,887	11,524

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

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were consisted of :

	Thousand Baht	
	2017	2016
Cash in hand	150	152
Cash at Banks - current accounts	4,117	10,459
- savings accounts	37,689	21,591
Deposit in transit	-	2,668
Mutual fund	-	996
Total	41,956	35,866

7. TEMPORARY INVESTMENTS

Temporary investments were consisted of :

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

	Thousand Baht		
	As at December 31, 2016		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Trading securities			
- Investment units	225,540	6,316	231,856
- Investments in listed securities	32,481	848	33,329
<u>Less</u> Allowance for diminution in value of investment	(6)	-	(6)
Total	258,015	7,164	265,179

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables were consisted of :

	Thousand Baht	
	2017	2016
Trade receivable		
Trade receivables - other companies	262,887	259,332
<u>Less</u> Allowance for doubtful accounts	(4,290)	(5,415)
Net	<u>258,597</u>	<u>253,917</u>
Other receivables		
Other receivables - related parties	2,360	3,820
Other receivables - other companies	225	3,217
Accrued retentions	9,150	9,678
Deposit of inventories	1,452	17,369
Prepaid expenses	2,863	2,782
Accrued income	194	534
Total other receivables	<u>16,244</u>	<u>37,400</u>
Total trade and other receivables	<u><u>274,841</u></u>	<u><u>291,317</u></u>

Trade receivables are classified by aging as follows :

	Thousand Baht	
	2017	2016
Current	184,348	162,303
Overdue		
Less than 3 months	69,660	88,461
Over 3 months up to 6 months	4,120	560
Over 6 months up to 12 months	1,065	1,792
Over 12 months	3,694	6,216
Total	<u>262,887</u>	<u>259,332</u>
<u>Less</u> Allowance for doubtful account	<u>(4,290)</u>	<u>(5,415)</u>
Trade receivables, net	<u><u>258,597</u></u>	<u><u>253,917</u></u>

9. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of :

	Thousand Baht	
	2017	2016
Finance lease receivables - printing devices	19,256	20,061
<u>Less</u> Current portion	(8,783)	(10,017)
Long-term finance lease receivables	<u>10,473</u>	<u>10,044</u>

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at December 31, 2017 and 2016, are as follows:

	Thousand Baht			
	2017		2016	
Collection period	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within 1 year	12,280	8,783	13,756	10,017
Over 1 year but less than 5 years	14,852	10,473	15,049	10,044
	27,132	19,256	28,805	20,061
<u>Less</u> Deferred interest	(7,876)	-	(8,744)	-
	<u>19,256</u>	<u>19,256</u>	<u>20,061</u>	<u>20,061</u>

10. INVENTORIES

Inventories were consisted of :

	Thousand Baht	
	2017	2016
Finished goods	242,933	211,587
Goods in transit	61,746	40,958
Total	304,679	252,545
<u>Less</u> Allowance for loss on devaluation of inventories	(13,413)	(14,979)
Inventories	<u>291,266</u>	<u>237,566</u>

Decline in value of inventory recognized as cost of goods sold for the years ended December 31, 2017 and 2016 were Baht 4.70 million and Baht 2.76 million, respectively.

11. PROPERTY, AND EQUIPMENT

Property, and equipment were consisted of :

	Thousand Baht				Balance Dec. 31, 2017
	Balance	Transactions during the year			
	Dec. 31, 2016	Additions	Decrease	Transfer in/out	
<u>Cost</u>					
Land	-	114,950	-	-	114,950
Tool and equipment	3,427	244	(19)	35	3,687
Furniture and office equipment	23,809	1,616	(512)	-	24,913
Vehicles	27,551	829	(2,250)	-	26,130
Assets for rental and demonstration	34,645	6,033	(3,846)	(152)	36,680
Total	89,432	123,672	(6,627)	(117)	206,360
<u>Accumulated depreciation</u>					
Tool and equipment	(1,987)	(598)	11	(16)	(2,590)
Furniture and office equipment	(9,796)	(4,522)	463	-	(13,855)
Vehicles	(13,504)	(2,294)	1,401	-	(14,397)
Assets for rental and demonstration	(22,580)	(4,872)	2,244	158	(25,050)
Total	(47,867)	(12,286)	4,119	142	(55,892)
Property and equipment-net	41,565				150,468

	Thousand Baht				Balance Dec. 31, 2016
	Balance	Transactions during the year			
	Dec. 31, 2015	Additions	Acquire through business combination	Decrease	
<u>Cost</u>					
Tool and equipment	1,192	63	2,177	(5)	3,427
Furniture and office equipment	10,354	2,060	11,458	(63)	23,809
Vehicles	12,691	18	15,633	(791)	27,551
Assets for rental and demonstration	3,929	628	30,116	(28)	34,645
Building and construction in progress	-	-	868	(868)	-
Total	28,166	2,769	60,252	(1,755)	89,432
<u>Accumulated depreciation</u>					
Tool and equipment	(746)	(251)	(995)	5	(1,987)
Furniture and office equipment	(3,622)	(2,238)	(3,991)	55	(9,796)
Vehicles	(4,221)	(1,228)	(8,183)	128	(13,504)
Assets for rental and demonstration	(3,355)	(609)	(18,630)	14	(22,580)
Total	(11,944)	(4,326)	(31,799)	202	(47,867)
Equipment-net	16,222				41,565

	Thousand Baht	
	2017	2016
Depreciation for the years		
- cost of sale	4,502	1,195
- selling and administrative expenses	7,784	3,131
Total	12,286	4,326

As at December 31, 2017 and 2016, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 24.30 million and Baht 23.31 million, respectively.

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

12. GOODWILL

On November 29, 2016, Chillmatch Co., Ltd. and Q II S Co., Ltd. were transferred their entire business into the Company by issuing capital increase shares for Baht 675.36 million to exchange for the identifiable net assets of both companies for Baht 340.69 million, resulting in a goodwill of Baht 334.67 million. (See Note 4).

Testing for impairment of goodwill

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

After consideration, management believed that goodwill is not impaired.

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

Key assumption	Value	Approach used to determine the value
- Discount rate	10.8% for Chillmatch Co., Ltd. 12.3% for Q II S Co., Ltd.	The discount rate which is a pre-tax rate that reflects the specific risk of the particular business unit
- Terminal Value Growth Rate	1%	Appropriate estimated rate
- EBITDA growth	4.7% for Chillmatch Co., Ltd. 5.4 for Q II S Co., Ltd.	Experience and industry

13. CUSTOMER RELATIONSHIP

Customer relationship were consisted of :

	Thousand Baht			
	Balance	Transactions during the year		Balance
	Dec. 31, 2016	Addition	Decrease	Dec. 31, 2017
<u>Cost</u>				
Customer relationship	104,308	-	-	104,308
<u>Less</u> accumulated amortization	(1,325)	(14,901)	-	(16,226)
Customer relationship - net	<u>102,983</u>			<u>88,082</u>

	Thousand Baht			
	Balance	Transactions during the year		Balance
	Dec. 31, 2015	Acquire through business combination	Decrease	Dec. 31, 2016
<u>Cost</u>				
Customer relationship	-	104,308	-	104,308
<u>Less</u> accumulated amortization	-	(1,325)	-	(1,325)
Customer relationship - net	<u>-</u>			<u>102,983</u>

	Thousand Baht	
	2017	2016
	Amortization cost for the years - selling expenses	<u>14,901</u>

14. INTANGIBLE ASSET

Intangible asset were consisted of :

	Thousand Baht				
	Balance	Transactions during the year			Balance
	Dec. 31, 2016	Addition	Decrease	Transfer In / out	Dec. 31, 2017
<u>Cost</u>					
Software licenses	32,397	3,926	-	-	36,323
Software in progress	40	419	(40)	(9)	410
Total	<u>32,437</u>	<u>4,345</u>	<u>(40)</u>	<u>(9)</u>	<u>36,733</u>
<u>Less</u> Accumulated amortization					
Software licenses	(5,688)	(3,744)	-	-	(9,432)
Total	<u>(5,688)</u>	<u>(3,744)</u>	<u>-</u>	<u>-</u>	<u>(9,432)</u>
Intangible asset-net	<u>26,749</u>				<u>27,301</u>

	Thousand Baht				Balance Dec. 31, 2016
	Balance	Transactions during the year			
	Dec. 31, 2015	Addition	Acquire through business combination	Decrease	
<u>Cost</u>					
Software licenses	7,249	8,192	16,956	-	32,397
Software in progress	833	5,077	1,640	(7,510)	40
Total	8,082	13,269	18,596	(7,510)	32,437
<u>Less Accumulated amortization</u>					
Software licenses	(1,367)	(1,469)	(2,852)	-	(5,688)
Total	(1,367)	(1,469)	(2,852)	-	(5,688)
Intangible asset-net	6,715				26,749

	Thousand Baht	
	2017	2016
Amortization cost for the years		
- selling and administrative expenses	3,744	1,469

As at December 31, 2017 and 2016, the Company had intangible assets which were fully depreciated but still in use with the cost price of Baht 1.01 million and Baht 0.91 million, respectively.

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2017 and 2016 were summarized as follows:

	Thousand Baht			Balance as at Dec. 31, 2017
	Balance as at Dec. 31, 2016	Income (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Allowance for doubtful accounts	1,196	(314)	-	882
Allowance for devaluation of inventories	2,996	(313)	-	2,683
Allowance for impairment of investment	1	-	-	1
Employee's benefit obligations	2,018	480	9	2,507
Foreign currency forward contracts	35	80	-	115
Total	<u>6,246</u>	<u>(67)</u>	<u>9</u>	<u>6,188</u>
Deferred tax liabilities:				
Inventories (from fair value adjustment of business combination)	1,511	1,254	-	257
Equipment (from fair value adjustment of business combination)	1,281	448	-	833
Unrealized gain (loss) on temporary investments	1,433	1,070	-	363
Customer relationship (from fair value adjustment of business combination)	20,596	2,980	-	17,616
Depreciation of equipment	276	1	-	275
Finance lease assets	106	(193)	-	299
Total	<u>25,203</u>	<u>5,560</u>	<u>-</u>	<u>19,643</u>
Deferred tax assets (liabilities) - net	<u>(18,957)</u>			<u>(13,455)</u>
Deferred tax income (expenses) - net		<u>5,493</u>	<u>9</u>	

	Thousand Baht				
	Balance as at Dec. 31, 2015	Acquire through business combination	Income (expenses) during the year		Balance as at Dec. 31, 2016
			In profit or loss	In other comprehen- sive income	
Deferred tax assets:					
Allowance for doubtful accounts	585	423	188	-	1,196
Allowance for devaluation of inventories	1,322	1,695	(21)	-	2,996
Allowance for impairment of investment	2	-	(1)	-	1
Employee's benefit obligations	1,692	1,339	225	(1,238)	2,018
Foreign currency forward contracts	-	20	15	-	35
Total	3,601	3,477	406	(1,238)	6,246
Deferred tax liabilities:					
Inventories (from fair value adjustment of business combination)	-	2,085	574	-	1,511
Equipment (from fair value adjustment of business combination)	-	1,336	55	-	1,281
Unrealized gain (loss) on temporary investments	-	-	(1,433)	-	1,433
Customer relationship (from fair value adjustment of business combination)	-	20,861	265	-	20,596
Depreciation of equipment	151	31	(94)	-	276
Finance lease assets	-	107	1	-	106
Total	151	24,420	(632)	-	25,203
Deferred tax assets (liabilities) - net	3,450	(20,943)			(18,957)
Deferred tax income (expenses) - net			(226)	(1,238)	

16. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of :

	Thousand Baht	
	2017	2016
Trade payables		
Trade payables - other companies	109,507	104,569
Other payables		
Other payables	7,635	7,640
Accrued commission expenses	15,725	13,582
Accrued bonus	17,039	15,842
Advance from customers for goods and services	13,668	12,649
Accrued expenses	6,555	14,376
Other	4,346	7,908
Total	64,968	71,997
Total trade and other payables	174,475	176,566

17. EMPLOYEE'S BENEFIT OBLIGATIONS

Movements of employee's benefit obligations for the year ended December 31, 2017 and 2016 were as follows :

	Thousand Baht	
	2017	2016
Beginning balance defined benefit obligations	13,910	9,841
Benefit paid by plan acquired through business combination	-	9,593
Current service costs and interest	2,843	1,200
Actuarial (gain) loss	46	(6,189)
Benefits paid by the plan	(1,901)	(535)
Ending balance defined benefit obligations	14,898	13,910

The statements of comprehensive income for the years ended December 31, 2017 and 2016 are as follows :

	Thousand Baht	
	2017	2016
Current service costs		
Cost of sales	322	102
Selling expenses	597	296
Administrative expenses	1,419	386
Total	2,338	784
Interest on obligation	505	416
Total	2,843	1,200

Principal actuarial assumptions at the reporting date for the year ended December 31, 2017 and 2016 are as follow :

	Percentage	
	2017	2016
Discount rate	2.40 - 2.99	3.50
Salary increase rate	4.50	6.57
Employee turnover rate	0 - 29	0 - 24
Mortality rate	Thai Mortality Ordinary Table 2017	Thai Mortality Ordinary Table 2008

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, 2017 and 2016 are summarized below:

	2017			
	%		Thousand Baht	
	increase	decrease	increase	decrease
Discount rate	2.90 - 3.49	(1.90) - (2.49)	(722)	778
Salary increase rate	1	(1)	1,303	(1,139)
Turnover rate	20	(20)	(1,702)	2,069

	2016			
	%		Thousand Baht	
	increase	decrease	increase	decrease
Discount rate	0.50	(0.50)	(658)	701
Salary increase rate	0.50	(0.50)	612	(572)
Turnover rate	0.50	(0.50)	(721)	512

18. THE EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

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

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

During the years 2017 and 2016, the Company contributed Baht 3.42 million and Baht 2.20 million, respectively, to the program.

19. SHARE CAPITAL

On November 1, 2016, the Company's Extraordinary Shareholder's Meeting No. 1/2016 passed resolutions as follows:

- 19.1 Purchase and acceptance of the Entire Business Transfer of Chillmatch Co., Ltd. and its subsidiary. The process is consisted of 2 steps as follows;
 - 19.1.1 To acquire Chillmatch Co., Ltd.'s entire business which includes investment in QIIS Co., Ltd. The entire business value is Baht 614,390,000 and the Company will issue its new 234,500,000 ordinary shares with par value of Baht 0.50 per share, at the offering price of Baht 2.62 per share, total value of Baht 614,390,000. On the same day of the entire business transfer, Chillmatch Co., Ltd. will proceed with dissolution and liquidation on November 29, 2016 and return the remaining assets (including 234,500,000 newly issued ordinary shares of the Company) to its existing shareholders under the liquidation process.
 - 19.1.2 After the purchase and acceptance of the entire business transfer of Chillmatch Co., Ltd., the Company will become a shareholder of QIIS Co., Ltd., holding 99.99 percent of QIIS's registered capital. After the dissolution of Chillmatch Co., Ltd., QIIS Co., Ltd. will transfer its entire business to the Company and proceed with dissolution on December 1, 2016 and liquidation process.
- 19.2 Increase of the registered capital of the Company by Baht 117,250,000, from Baht 175,000,000 to be Baht 292,250,000 by issuing newly 234,500,000 ordinary shares with the par value of Baht 0.50 per share.
- 19.3 The offering of the newly issued 234,500,000 ordinary shares of the Company to Chillmatch Co., Ltd., which is private placement, with the par value of Baht 0.50 per share at the offering price of Baht 2.62 per shares business in exchange of the entire business transfer (See Note 4).

Referring to the Entire Business Transfer Contract of Chillmatch Co., Ltd. and its subsidiary, the consideration transfer consist of 234,500,000 ordinary shares at the offering price of Baht 2.62 per share in total amount of Baht 614,390,000. The consideration transfer was also approved by the Extraordinary Shareholder's Meeting No. 1/2559 dated November 1, 2016. However, Thai Financial Reporting Standard No.3 "Business Combination" has set rules to value the consideration transfer at fair value at the execution date. The Company registered and issued the ordinary shares to the shareholders of Chillmatch Co., Ltd. on November 29, 2016 and the closing market price of the Company's stock in the Stock Exchange of Thailand was Baht 2.88 per share. (See Note 4). Thus, the valuation of the consideration transfer changed to 675,360,000 Baht.

The Company registered the increased capital with the Department of Business Development, Ministry of Commerce on November 2, 2016 and the Company fully paid for such capital increase on November 29, 2016.

20. 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.

21. 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.

22. APPROPRIATION OF RETAINED EARNINGS

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

On April 29, 2016, the Annual General Meeting of Shareholders passed a resolution to pay dividend from operations of year 2015 of 350,000,000 shares at the rate of Baht 0.10 per share, in the total amount of Baht 35 million.

23. PROVIDENT FUND

The Company and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The Fund is contributed to by both the employees and the Company. The Fund is managed by UOB Asset Management (Thailand) Company Limited. This Fund is registered under the conditions of Ministry of Finance and the Fund is managed by the approved fund manager.

For the years ended December 31, 2017 and 2016, the Company paid contributions to provident fund and recognized as expenses amounting to Baht 3.76 million and Baht 1.88 million, respectively.

24. OPERATING SEGMENT

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

The Company comprises the following main business segments:

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

Operating segment by business in the statement of comprehensive income for the years ended December 31, 2017 and 2016 were as follows :

	Thousand Baht									
	2017					2016				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	482,079	86,175	312,506	273,159	1,153,919	474,798	48,531	23,955	24,185	571,469
Revenue from rendering of services	97,466	-	-	34,580	132,046	71,288	-	14	2,746	74,048
Cost of sale of goods	(352,168)	(63,921)	(216,282)	(156,017)	(788,388)	(357,067)	(34,174)	(16,369)	(14,833)	(422,443)
Cost of rendering of services	(84,783)	-	-	(31,869)	(116,652)	(62,798)	-	(132)	(2,239)	(65,169)
Gross profit	142,594	22,254	96,224	119,853	380,925	126,221	14,357	7,468	9,859	157,905
Other income					14,736					17,206
Selling expenses					(89,369)					(36,618)
Administrative expenses					(145,157)					(87,749)
Finance cost					(1)					(21)
Profit before income tax expense					161,134					50,723
Income tax expense					(31,455)					(10,192)
Profit for the periods					129,679					40,531
Other comprehensive income (expense)					(37)					4,951
Total comprehensive income for the periods					129,642					45,482

Operating segment by business in the statement of financial position as at December 31, 2017 and 2016 were as follows :

	Financial statements (Thousand Baht)									
	2017					2016				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Assets for reportable segments										
Trade receivables	118,278	19,085	70,717	54,807	262,887	114,378	10,165	77,506	57,283	259,332
Inventories	136,777	9,088	87,324	58,077	291,266	128,967	8,661	55,110	44,828	237,566
Customer relationship	-	-	63,624	24,458	88,082	-	-	74,391	28,592	102,983
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Assets under common use										
- Equipment	-	-	-	-	150,468	-	-	-	-	41,565
- Intangible assets	-	-	-	-	27,301	-	-	-	-	26,749
- Others	-	-	-	-	302,666	-	-	-	-	376,984
Total assets for reportable segments	<u>255,055</u>	<u>28,173</u>	<u>421,731</u>	<u>271,948</u>	<u>1,457,342</u>	<u>243,345</u>	<u>18,826</u>	<u>407,073</u>	<u>265,309</u>	<u>1,379,851</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,212</u>

For the years ended December 31, 2017 and 2016, there was no revenue from sales with a single external customers contributed 10% or more to the total revenue.

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

For the years ended December 31, 2017 and 2016, the Company has revenue from service with 2 major customers in amount of Baht 25.86 million and Baht 21.13 million, respectively.

25. EXPENSE BY NATURE

Expenses by nature for the years ended December 31, 2017 and 2016 consist of the significant expenses were as follows:

	Thousand Baht	
	2017	2016
Purchases of finished goods	936,388	601,134
Other changes in finished goods	(31,346)	(113,522)
Employee expenses	145,633	78,543
Office rental and service expenses	13,893	6,464
Depreciation and amortization	30,931	7,120
Others	44,068	32,261
Total	<u>1,139,567</u>	<u>612,000</u>

26. TAX EXPENSE (INCOME)

26.1 Major components of tax expense (income)

For the years ended December 31, 2017 and 2016 consisted of:

	Thousand Baht	
	2017	2016
Income tax expense (income) shown in profit or loss :		
Current tax expense:		
Income tax expense for the years	36,948	9,966
Deferred tax expense (income):		
Changes in temporary differences relating to the original recognition and reversal	(5,493)	226
Total	<u>31,455</u>	<u>10,192</u>

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

For the years ended December 31, 2017 and 2016, which were summarized as follows:

	Thousand Baht	
	2017	2016
Accounting profit (loss) for the years	161,134	50,723
The applicable tax rate (%)	20%	20%
Tax expense (income) at the applicable tax rate	32,227	10,145
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	92	84
Addition expenses deductible for tax purpose	(651)	(263)
Others	(213)	226
Total reconciliation items	(772)	47
Total tax expense (income)	31,455	10,192

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

For the years ended December 31, 2017 and 2016 were summarized as follows:

	2017		2016	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the years	161,134		50,723	
Tax expense (income) at the applicable tax rate	32,227	20.00	10,145	20.00
Reconciliation items	(772)	(0.48)	47	0.09
Tax expense (income) at the average effective tax rate	31,455	19.52	10,192	20.09

27. 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.

	2017	2016
Profit (loss) for the years (Thousand Baht)	129,679	40,531
Weighted average number of ordinary shares (Shares)	584,500,000	371,201,370
Basic earnings (loss) per share (Baht per share)	0.22	0.11

28. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2017 and 2016, the Company had commitments and contingent liabilities as follows :

28.1 As at December 31, 2017 and 2016, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 18.78 million and Baht 12.64 million, respectively.

28.2 The credit facilities with financial institutions as at December 31, 2017 and 2016 consisted of :

Type of credit	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2017	2016	2017	2016
Bank overdrafts	11.00	17.00	MOR	MOR
			Fixed deposit	Fixed deposit
Letter of credit/trust receipt	160.00	231.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	24.47	30.00	1.65 - 2%	2%
Forward exchange contracts	562.39	363.39		
Promissory notes	5.00	15.00	MLR	MLR
Up country check purchase	-	3.00		
Total	<u>762.86</u>	<u>659.39</u>		
Forward foreign exchange contracts (Million US dollars)	<u>3.00</u>	<u>3.00</u>		

28.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht	
	2017	2016
Due not later than 1 year	13.71	12.83
Due later than 1 year but not later than 5 years	12.65	22.03

Rental and service expenses for the years ended December 31, 2017 and 2016 are Baht 13.89 million and Baht 6.36 million, respectively.

29. FAIR VALUE MEASUREMENT

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

Fair value hierarchy

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As at December 31, 2017 and 2016, the Company had the following financial assets and liabilities that were measured at fair value on which the fair value hierarchy is classified as follows :

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

	Thousand Baht			
	2016			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	231,856	-	231,856
Investments in equity securities	33,329	-	-	33,329
Foreign currency forward contracts	-	(168)	-	(168)

Fair valuation techniques and inputs to Level 2 fair valuation

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

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

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

Certain financial assets and financial liabilities is measured at fair value

The following table gives information about how the fair values of these financial assets and financial liabilities are measured at fair value on fair value hierarchy as at December 31, 2017 and 2016.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	2017	2016		
Financial assets (liabilities)				
Foreign currency forward contracts	(514,283)	(168,223)	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

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

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

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

30. FINANCIAL INSTRUMENTS

Financial risk management policies

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

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

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, and also monitors the level of dividends to ordinary shareholders.

Foreign currency risk

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

As at December 31, 2017 and 2016, the Company has financial liabilities in foreign currencies as follows;

	Foreign Currencies	
	2017	2016
Not hedged		
US dollar	288,857	788,508
SG dollar	200	161
EURO	111,944	-
GBP	80,109	43,278

Credit risk

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

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

Liquidity risk

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

31. EVENT AFTER THE REPORTING PERIOD

On February 23, 2018, the Company's Board of Directors No. 2/2018 passed the resolution to declare dividend at Baht 0.14 per share for 584,500,000 issued and paid up ordinary shares, in total amount of Baht 81,830,000. The dividend declaration will be proposed to the next Annual General Shareholders' Meeting for approval.

32. RECLASSIFICATIONS

Certain reclassifications have been made in the statement of financial position as at December 31, 2016 to conform to the classifications used in the statement of financial position as at December 31, 2017 as follows :

	Thousand Baht		
	As at 31 December 2016		
	As previously reported	Increase (decrease)	As reclassified
Trade and other receivables	273,948	17,369	291,317
Other current assets	18,119	(17,369)	750
Trade and other payables	171,451	5,115	176,566
Other current liabilities	9,756	(5,115)	4,641

33. THE REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

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

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits

TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure

TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

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

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 23, 2018.