

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the accompanying statement of financial position of Harn Engineering Solutions Public Company Limited as at September 30, 2017 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2017, changes in shareholders’ equity and cash flows for the nine-month period ended September 30, 2017, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards No. 34 “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

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

CONCLUSION

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

OTHER MATTER

The statement of financial position of Harn Engineering Solutions Public Company Limited as at December 31, 2016, presented herewith for comparative information was audited by another auditor and expressed an unqualified opinion in report dated February 24, 2017. The statement of comprehensive income for the three-month and nine-month periods ended September 30, 2016, changes in shareholder's equity and cash flows for the nine-month period ended September 30, 2016, presented herewith for comparative information, were reviewed by another auditor and stated that nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting standards No. 34 "Interim Financial Reporting", whose report dated November 11, 2016.

(Mr. Thanawut Piboonsawat)

Certified Public Accountant

Registration No. 6699

Dharmniti Auditing Company Limited

Bangkok, Thailand

November 10, 2017

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- 3 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2017

ASSETS

		Thousand Baht	
		As at September	As at December
	Note	30, 2017	31, 2016
CURRENT ASSETS			
Cash and cash equivalents		35,164	35,866
Temporary investments	5	232,049	265,179
Trade and other receivables	6	319,635	291,317
Current portion of finance lease receivables	7	9,028	10,017
Unbilled receivables		16,257	7,140
Inventories	8	299,974	237,566
Other current assets		317	750
TOTAL CURRENT ASSETS		912,424	847,835
NON-CURRENT ASSETS			
General investment		242	242
Long-term finance lease receivables	7	8,996	10,044
Equipment	9	38,269	41,565
Goodwill	10	334,672	334,672
Customer relationship	11	91,838	102,983
Intangible assets	12	28,048	26,749
Other non-current assets		16,864	15,761
TOTAL NON-CURRENT ASSETS		518,929	532,016
TOTAL ASSETS		1,431,353	1,379,851

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

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- 4 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

		Thousand Baht	
		As at September	As at December
	Note	30, 2017	31, 2016
CURRENT LIABILITIES			
Trade and other payables	13	198,719	176,566
Income tax payable		8,385	12,873
Short-term provisions		476	168
Other current liabilities		4,423	4,641
TOTAL CURRENT LIABILITIES		212,003	194,248
NON-CURRENT LIABILITIES			
Deferred tax liabilities		14,062	18,957
Employee's benefit obligations		13,248	13,910
Other non-current liabilities		15,992	15,097
TOTAL NON-CURRENT LIABILITIES		43,302	47,964
TOTAL LIABILITIES		255,305	242,212

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

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- 5 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT SEPTEMBER 30, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Thousand Baht	
	As at September	As at December
Note	30, 2017	31, 2016
SHAREHOLDERS' EQUITY		
Share capital		
Authorized share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250	292,250
Issued and paid-up share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250	292,250
Premium on ordinary shares	776,416	776,416
Retained earnings		
Appropriated		
Legal reserve	13,867	13,867
Unappropriated	93,515	55,106
TOTAL SHAREHOLDERS' EQUITY	1,176,048	1,137,639
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,431,353	1,379,851

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- 6 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Thousand Baht	
Note	2017	2016
Revenues		
Revenues from sales	302,723	158,442
Revenue from rendering of services	41,963	20,179
Other income	3,055	1,088
Total revenues	<u>347,741</u>	<u>179,709</u>
Expenses		
Cost of sales	206,122	117,356
Cost of rendering of services	39,436	16,433
Selling expenses	22,329	8,413
Administrative expenses	37,181	21,611
Total expenses	<u>305,068</u>	<u>163,813</u>
Profit before income tax expenses	42,673	15,896
Income tax expenses	8,771	3,103
Profit for the period	<u>33,902</u>	<u>12,793</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>33,902</u>	<u>12,793</u>
Earnings per share	16	
Basic earnings per share (Baht per share)	<u>0.06</u>	<u>0.04</u>
Weighted average number of ordinary shares (shares)	<u>584,500,000</u>	<u>350,000,000</u>

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

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- 7 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Thousand Baht	
Note	2017	2016
Revenues		
Revenues from sales	864,744	401,117
Revenue from rendering of services	101,011	59,846
Other income	11,208	11,452
Total revenues	<u>976,963</u>	<u>472,415</u>
Expenses		
Cost of sales	600,299	299,801
Cost of rendering of services	93,069	54,142
Selling expenses	65,517	24,520
Administrative expenses	105,462	58,287
Total expenses	<u>864,347</u>	<u>436,750</u>
Profit before income tax expenses	112,616	35,665
Income tax expenses	21,602	7,057
Profit for the period	<u>91,014</u>	<u>28,608</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>91,014</u>	<u>28,608</u>
Earnings per share	16	
Basic earnings per share (Baht per share)	<u>0.16</u>	<u>0.08</u>
Weighted average number of ordinary shares (shares)	<u>584,500,000</u>	<u>350,000,000</u>

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

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- 8 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

Thousand Baht					
	Issued and	Premium	Retained earnings		Total
	paid-up	on	Appropriated	Unappropriated	shareholders'
Note	share capital	ordinary shares	legal reserve		equity
Beginning balance as at January 1, 2016	175,000	218,306	11,840	46,651	451,797
Dividend	-	-	-	(35,000)	(35,000)
Total comprehensive income for the period	-	-	-	28,608	28,608
Ending balance as at September 30, 2016	<u>175,000</u>	<u>218,306</u>	<u>11,840</u>	<u>40,259</u>	<u>445,405</u>
Beginning balance as at January 1, 2017	292,250	776,416	13,867	55,106	1,137,639
Dividend	14	-	-	(52,605)	(52,605)
Total comprehensive income for the period	-	-	-	91,014	91,014
Ending balance as at September 30, 2017	<u>292,250</u>	<u>776,416</u>	<u>13,867</u>	<u>93,515</u>	<u>1,176,048</u>

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- 9 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Baht	
	2017	2016
Cash flows from operating activities		
Profit for the period	91,014	28,608
Adjustment to reconcile profit (loss) for the period to net cash provided by (used in) operating activities :		
Bad debt and allowance for doubtful account (reversal)	(1,323)	58
Depreciation and amortization	11,872	3,564
Amortization of customer relationship	11,145	-
Loss on devaluation of inventories	4,378	1,136
(Gain) loss on disposals of fixed assets	378	227
Unrealized (gain) loss on exchange rate	120	(335)
(Gain) loss on disposals of investment	(4,133)	1,798
Unrealized (gain) loss on revaluation of temporary investments	2,470	(6,845)
Interest income	(47)	(34)
Dividend income	(793)	(395)
Employee's benefit expenses	1,239	688
Income tax expense	21,602	7,057
Profit from operating before changes in operating assets and liabilities		
(Increase) decrease in operating assets	137,922	35,527
Trade and other receivables	(26,995)	(52,362)
Finance lease receivables	2,037	-
Unbilled receivables	(9,117)	3,721
Inventories	(71,505)	(2,866)
Other current assets	433	1,689
Other non-current assets	(1,103)	210
Increase (decrease) in operating liabilities		
Trade and other payables	18,864	22,048
Short-term provisions	308	105
Other current liabilities	(218)	(1,660)
Employee's benefit obligations	(1,901)	-
Other non-current liabilities	895	411
Cash received (paid) from operating	49,620	6,823
Income tax paid	(30,985)	(6,552)
Net cash provided by (used in) operating activities	18,635	271

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

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- 10 -

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONT.)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Baht	
	2017	2016
Cash flows from investing activities		
(Increase) decrease in temporary investments	34,793	24,897
Cash payments for purchases of equipment	(1,894)	(488)
Cash receipts from disposal of equipment	582	444
Cash payments for purchase of intangible asset	(1,053)	(3,660)
Interest received	47	34
Dividends received	793	395
Net cash provided by (used in) investing activities	<u>33,268</u>	<u>21,622</u>
Cash flows from financing activities		
Dividend paid	(52,605)	(35,000)
Net cash used in financing activities	<u>(52,605)</u>	<u>(35,000)</u>
Net increase (decrease) in cash and cash equivalents	(702)	(13,107)
Cash and cash equivalents at beginning of period	<u>35,866</u>	<u>28,184</u>
Cash and cash equivalents at end of period	<u><u>35,164</u></u>	<u><u>15,077</u></u>
Supplementally disclosures of cash flows information :		
Non-Cash transaction		
Liabilities incurred from acquisition of fixed assets and intangible assets		
Liabilities incurred from acquisition of fixed assets		
and intangible assets - beginning of period	670	-
Inventories transferred to fixed asset	(5,505)	(20)
<u>Add</u> Purchases of fixed assets and intangible assets	11,622	4,148
<u>Less</u> Cash payments	<u>(2,947)</u>	<u>(4,128)</u>
Liabilities incurred from acquisition of		
fixed assets and intangible assets - ending of period	<u><u>3,840</u></u>	<u><u>-</u></u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 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

These interim financial statements are prepared in accordance with the Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2016.

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

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

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

The Company have adopted the revised 2016 Thai Financial Reporting Standards issued by the Federation of Accounting Professions which become effective for the fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, provision of interpretations and accounting guidance to users of the standards. The adoption of these financial reporting standards do not have any significant impact on the Company financial statements.

2.3 Thai Financial Reporting Standards that will become effective in the future

During the year, the Federation of Accounting Professions issued of the revised 2017 Thai Financial Reporting Standards which is effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The management of the Company believe that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company prepared the interim financial statements with the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2016.

4. RELATED PARTY TRANSACTIONS

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

Types of relationship of related parties were as follows :

Company/Person name	Country/ 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

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

Significant agreements with related parties

The Company entered into office building rental agreement as follows :

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- 13 -

As at September 30, 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 September 30, 2017 and December 31, 2016 consisted of:

	Thousand Baht	
	As at September 30, 2017	As at December 31, 2016
Trade and other receivables		
Harn Engineering Co., Ltd.	2,360	3,820

Transactions for the three-month and nine-month periods ended September 30, 2017 and 2016 with related parties were summarized as follows :

	Thousand Baht			
	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2017	2016	2017	2016
Purchase of goods				
Chillmatch Co., Ltd.	-	1	-	2
Other income				
Q II S Co., Ltd.	-	830	-	2,210
Chillmatch Co., Ltd.	-	315	-	945
	-	1,145	-	3,155
Office rental and service expenses				
Harn Engineering Co., Ltd.	1,497	1,265	4,491	3,795
Mr. Jain Charnnarong	159	107	478	319
	1,656	1,372	4,969	4,114
Warehouse rental expenses				
Mrs. Sirima Iamsakulrat	843	-	2,528	-
Directors remuneration				
Directors	1,470	215	1,620	450
Management benefit expenses				
Shot-term employee's benefits	2,585	2,085	8,219	6,124
Post-employment benefits	103	73	339	217
	2,688	2,158	8,558	6,341

5. TEMPORARY INVESTMENTS

Temporary investments were consisted of :

	Thousand Baht		
	As at September 30, 2017		
	Cost value As at September 30, 2017	Unrealized gain (loss) on revaluation of investments	Fair value As at September 30, 2017
Trading securities			
- Investment units	227,355	4,694	232,049
- Investments in listed securities	6	-	6
<u>Less</u> Allowance for diminution in value of investment	(6)	-	(6)
Total	<u>227,355</u>	<u>4,694</u>	<u>232,049</u>

	Thousand Baht		
	As at December 31, 2016		
	Cost value As at December 31, 2016	Unrealized gain (loss) on revaluation of investments	Fair value As at December 31, 2016
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	<u>258,015</u>	<u>7,164</u>	<u>265,179</u>

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables were consisted of :

	Thousand Baht	
	As at September 30, 2017	As at December 31, 2016
Trade receivable		
Trade receivables - other companies	292,276	259,332
<u>Less</u> Allowance for doubtful accounts	(4,092)	(5,415)
Net	<u>288,184</u>	<u>253,917</u>
Other receivables		
Other receivables - related parties	2,360	3,820
Other receivables - other companies	195	3,217
Accrued retentions	9,214	9,678
Deposit of inventories	14,960	17,369
Prepaid expenses	4,249	2,782
Accrued income	473	534
Total other receivables	<u>31,451</u>	<u>37,400</u>
Total trade and other receivables	<u>319,635</u>	<u>291,317</u>

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- 15 -

Trade receivables are classified by aging as follows :

	Thousand Baht	
	As at September 30, 2017	As at December 31, 2016
Current	214,215	162,303
Overdue		
Less than 3 months	66,379	88,461
Over 3 months up to 6 months	6,750	560
Over 6 months up to 12 months	1,020	1,792
Over 12 months	3,912	6,216
Total	292,276	259,332
<u>Less</u> Allowance for doubtful account	(4,092)	(5,415)
Trade receivables, net	288,184	253,917

7. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of :

	Thousand Baht	
	As at September 30, 2017	As at December 31, 2016
Finance lease receivables - printing devices	18,024	20,061
<u>Less</u> Current portion	(9,028)	(10,017)
Long-term finance lease receivables	8,996	10,044

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at September 30, 2017 and December 31, 2016, are as follows:

	Thousand Baht			
	As at September 30, 2017		As at December 31, 2016	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	12,609	9,028	13,756	10,017
Over 1 year but less than 5 years	13,255	8,996	15,049	10,044
	25,864	18,024	28,805	20,061
<u>Less</u> Deferred interest	(7,840)	-	(8,744)	-

18,024	18,024	20,061	20,061
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8. INVENTORIES

Inventories were consisted of :

	Thousand Baht	
	As at September 30, 2017	As at December 31, 2016
Finished goods	262,040	211,587
Goods in transit	57,291	40,958
Total	319,331	252,545
<u>Less</u> Allowance for loss on devaluation of inventories	(19,357)	(14,979)
Total	299,974	237,566

Decline in value of inventory recognized as cost of goods sold for the nine-month period ended September 30, 2017 was Baht 4.38 million.

9. EQUIPMENT

Changes in the equipment for the nine-month period ended September 30, 2017 were summarized as follows :

	Thousand Baht
<u>Cost</u>	
Balance as at December 31, 2016	89,432
Acquisitions during the period	7,633
Disposals and write-off during the period	(5,174)
Transfer in / (out)	(116)
Balance as at September 30, 2017	91,775
<u>Accumulated depreciation</u>	
Balance as at December 31, 2016	(47,867)
Depreciation for the period	(9,182)
Accumulated depreciation on disposals and write-off	3,402
Transfer in / (out)	141
Balance as at September 30, 2017	(53,506)
<u>Net book value</u>	
Balance as at December 31, 2016	41,565
Balance as at September 30, 2017	38,269

As at September 30, 2017 and December 31, 2016, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 24.15 million and Baht 23.31 million, respectively.

10. GOODWILL

On November 29, 2016, Chillmatch Co., Ltd. and Q II S Co., Ltd. were transferred their entire business into the Company by issuing capital increase shares for Baht 675.36 million to exchange for the

identifiable net assets of both companies for Baht 340.69 million, resulting in a goodwill of Baht 334.67 million.

11. CUSTOMER RELATIONSHIP

Changes in customer relationship for the nine-month period ended September 30, 2017 were summarized as follows :

	<u>Thousand Baht</u>
<u>At cost</u>	
Balance as at December 31, 2016	104,308
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at September 30, 2017	<u>104,308</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2016	(1,325)
Amortization for the period	(11,145)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2017	<u>(12,470)</u>
<u>Net book value</u>	
Balance as at December 31, 2016	<u>102,983</u>
Balance as at September 30, 2017	<u><u>91,838</u></u>

12. INTANGIBLE ASSETS

Changes in intangible assets for the nine-month period ended September 30, 2017 were summarized as follows :

	<u>Thousand Baht</u>
<u>At cost</u>	
Balance as at December 31, 2016	32,437
Acquisitions during the period	3,989
Disposals and write-off during the period	-
Balance as at September 30, 2017	<u>36,426</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2016	(5,688)
Amortization for the period	(2,690)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2017	<u>(8,378)</u>
<u>Net book value</u>	
Balance as at December 31, 2016	<u>26,749</u>
Balance as at September 30, 2017	<u><u>28,048</u></u>

As at September 30, 2017 and December 31, 2016, the Company had intangible assets, which were fully amortized but still in use with the cost price of Baht 0.96 million and Baht 0.91 million, respectively.

13. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of :

	Thousand Baht	
	As at September 30, 2017	As at December 31, 2016
Trade payables		
Trade payables - other companies	139,203	104,569
Other payables		
Other payables	5,217	7,640
Accrued commission expenses	15,422	13,582
Accrued bonus	10,140	15,842
Advance from customers for goods and services	14,509	12,649
Accrued expenses	9,351	14,376
Other	4,877	7,908
Total	<u>59,516</u>	<u>71,997</u>
Total trade and other payables	<u>198,719</u>	<u>176,566</u>

14. 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.

15. OPERATING SEGMENT

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

The Company comprises the following main business segments:

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

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- 19 -

Operating segment by business in the statement of comprehensive income for the three-month periods ended September 30, 2017 and 2016 were as follows :

	Thousand Baht									
	For the three-month period ended September 30,									
	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	128,124	21,029	89,224	64,346	302,723	145,396	13,046	-	-	158,442
Revenue from rendering of services	31,117	-	-	10,846	41,963	20,179	-	-	-	20,179
Cost of sale of goods	(94,491)	(15,307)	(60,348)	(35,976)	(206,122)	(108,332)	(9,024)	-	-	(117,356)
Cost of rendering of services	(28,471)	-	-	(10,965)	(39,436)	(16,433)	-	-	-	(16,433)
Gross profit	<u>36,279</u>	<u>5,722</u>	<u>28,876</u>	<u>28,251</u>	<u>99,128</u>	<u>40,810</u>	<u>4,022</u>	<u>-</u>	<u>-</u>	<u>44,832</u>
Other income					3,055					1,088
Selling expenses					(22,329)					(8,413)
Administrative expenses					(37,181)					(21,611)
Finance cost					-					-
Profit before income tax expense					<u>42,673</u>					<u>15,896</u>
Income tax expense					(8,771)					(3,103)
Profit for the periods					<u>33,902</u>					<u>12,793</u>
Other comprehensive income					-					-
Total comprehensive income for the periods					<u><u>33,902</u></u>					<u><u>12,793</u></u>

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- 20 -

Operating segment by business in the statement of comprehensive income for the nine-month periods ended September 30, 2017 and 2016 were as follows :

	Thousand Baht									
	For the nine-month period ended September 30,									
	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	368,330	62,342	237,010	197,062	864,744	365,642	35,475	-	-	401,117
Revenue from rendering of services	76,448	-	-	24,563	101,011	59,846	-	-	-	59,846
Cost of sale of goods	(274,448)	(45,947)	(166,351)	(113,553)	(600,299)	(274,966)	(24,835)	-	-	(299,801)
Cost of rendering of services	(66,595)	-	-	(26,474)	(93,069)	(54,142)	-	-	-	(54,142)
Gross profit	103,735	16,395	70,659	81,598	272,387	96,380	10,640	-	-	107,020
Other income					11,208					11,452
Selling expenses					(65,517)					(24,520)
Administrative expenses					(105,462)					(58,287)
Finance cost					-					-
Profit before income tax expense					112,616					35,665
Income tax expense					(21,602)					(7,057)
Profit for the periods					91,014					28,608
Other comprehensive income					-					-
Total comprehensive income for the periods					91,014					28,608

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- 21 -

Operating segment by business in the statement of financial position as at September 30, 2017 and December 31, 2016 were as follows :

	Financial statements (Thousand Baht)									
	As at September 30, 2017					As at December 31, 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	143,628	23,175	84,189	41,284	292,276	114,378	10,165	77,506	57,283	259,332
Inventories	138,251	13,789	92,885	55,049	299,974	128,967	8,661	55,110	44,828	237,566
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	66,338	25,500	91,838	-	-	74,391	28,592	102,983
Assets under common use										
- Equipment	-	-	-	-	38,269	-	-	-	-	41,565
- Intangible assets	-	-	-	-	28,048	-	-	-	-	26,749
- Others	-	-	-	-	346,276	-	-	-	-	376,984
Total assets for reportable segments	<u>281,879</u>	<u>36,964</u>	<u>443,478</u>	<u>256,439</u>	<u>1,431,353</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>255,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,212</u>

For the nine-month periods ended September 30, 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 nine-month periods ended September 30, 2017 and 2016, the Company has revenue from service with 1 major customers and 2 major customers in amount of Baht 12.18 million and Baht 19.16 million, respectively.

16. BASIC EARNINGS PER SHARE

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

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
Profit for the periods (Thousand Baht)	33,902	12,793	91,014	28,608
Weighted average number of ordinary shares (Shares)	584,500,000	350,000,000	584,500,000	350,000,000
Basic earnings per share (Baht per share)	0.06	0.04	0.16	0.08

17. COMMITMENTS AND CONTINGENT LIABILITIES

As at September 30, 2017 and December 31, 2016, the Company had commitments and contingent liabilities as follows :

17.1 As at September 30, 2017 and December 31, 2016, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 17.08 million and Baht 12.64 million, respectively.

17.2 The credit facilities with financial institutions as at September 30, 2017 and December 31, 2016 consisted of :

Type of credit	Facilities (Million Baht)		Referred interest rate (% per annum)	
	As at September	As at December	As at September	As at December
	30, 2017	31, 2016	30, 2017	31, 2016
Bank overdrafts	12.00	17.00	MOR	MOR
			Fixed deposit	Fixed deposit
Letter of credit/trust receipt	177.00	231.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	24.47	30.00	1.65 - 2%	2%
Forward exchange contracts	472.39	363.39		
Promissory notes	5.00	15.00	MLR	MLR
Up country check purchase	-	3.00		
Total	690.86	659.39		
Forward foreign exchange contracts (Million US dollars)	3.00	3.00		

17.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht	
	As at September 30, 2017	As at December 31, 2016
Due not later than 1 year	14.04	12.83
Due later than 1 year but not later than 5 years	15.72	22.03

Rental and service expenses for the nine-month period ended September 30, 2017 and 2016 are Baht 10.43 million and Baht 4.29 million, respectively.

17.4 On September 26, 2017, the Company has entered into a land sale and purchase agreement, amounted Baht 114.95 million, and paid deposit, amounted Baht 1 million. As at September 30, 2017, the Company had the commitment to pay in the future, amounted Baht 113.95 million.

18. FAIR VALUE MEASUREMENT

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

Fair value hierarchy

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

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

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

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

As at September 30, 2017 and December 31, 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			
	As at September 30, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	232,049	-	232,049
Investments in equity securities	6	-	-	6
Foreign currency forward contracts	-	535	-	535

	Thousand Baht			
	As at December 31, 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 September 30, 2017 and December 31, 2016.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	As at September 30, 2017	As at December 31, 2016		
<u>Financial assets (liabilities)</u>				
1. Foreign currency forward contracts	534,971	(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.

19. EVENT AFTER THE REPORTING PERIOD

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) Praveth (Prakhanong) Bangkok to increase the warehouse center management efficiency, and the ownership already transferred at Land Department is on October 30, 2017.

20. 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 September 30, 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

Certain reclassifications have been made in the statements of profit or loss and other comprehensive income for the three-month and nine-month period ended September 30, 2016 to conform to the classifications used in the statements of profit or loss and other comprehensive income for the three-month and nine-month period ended September 30, 2017 as follows :

	Thousand Baht		
	For the three-month periods ended September 30, 2016		
	As previously reported	Increase (decrease)	As reclassified
Revenue from sale of goods and rendering of services	178,621	(178,621)	-
Revenues from sales	-	158,442	158,442
Revenue from rendering of services	-	20,179	20,179
Other income	1,865	(777)	1,088
Cost of sale of goods and rendering of services	133,789	(133,789)	-
Cost of sales	-	117,356	117,356
Cost of rendering of services	-	16,433	16,433

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- 26 -

	22,388	(777)	21,611
	Thousand Baht		
	For the nine-month periods ended September 30, 2016		
	As previously reported	Increase (decrease)	As reclassified
Administrative expenses			
Revenue from sale of goods and rendering of services	460,963	(460,963)	-
Revenues from sales	-	401,117	401,117
Revenue from rendering of services	-	59,846	59,846
Cost of sale of goods and rendering of services	353,943	(353,943)	-
Cost of sales	-	299,801	299,801
Cost of rendering of services	-	54,142	54,142

21. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on November 10, 2017.