

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS “FIRE VICTOR PUBLIC COMPANY LIMITED”)**

Opinion

We have audited the financial statements of Harn Engineering Solutions Public Company Limited (“the Company”), which comprise the statements of financial position as at December 31, 2016, and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our 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, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (TSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 20 to the financial statements that on November 2, 2016, the Company has acquired and combined the entire business of Chillmatch Co., Ltd. and Q II S Co., Ltd., under the entire business transfer basis by issuing new ordinary shares in exchange of the entire business transfer of these entities (see Note 4). Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters	Key Audit Procedures
<p>Recognition of revenue from sales</p> <p>The Company has revenue from sales derived from four main business segments which are fire protection and projects, sanitary and air-conditioning systems, cold storage devices, and digital printing system, which have different terms and pricing conditions. The key audit matter is whether the revenue from sales has been recognized accurately and completely in accordance with TFRS.</p> <p>Accounting policy of revenue recognition and detail of revenue from sales were disclosed in the Note 3.15 and Note 25 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the revenue recognition process relating to revenue from sales and related internal control procedures. • 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. • Performing substantive testing as follows: <ul style="list-style-type: none"> - Examining terms and conditions of the sales agreements and examining the related supporting documents of those revenues. - Examining the supporting documents for the revenue from sales transactions occurring during the year and near the end of accounting period. - Examining credit notes issued after the end of accounting period. - Performing substantive analytical procedures and test of detail relating to the revenue from sales.

Key Audit Matters	Key Audit Procedures
<p>Business acquisitions</p> <p>During the year 2016, the Company has entered into the business acquisition agreements to combine the entire business of Chillmatch Co., Ltd. and Q II S Co., Ltd. under entire business transfer basis. Therefore, the key audit matter is whether the occurrence, rights and obligations, completeness, accuracy and valuation and allocation relating to the acquisition of assets and liabilities at the acquisition date has been recognized in accordance with TFRSs.</p> <p>Accounting policies of the business combinations and the detail of acquisitions of business were disclosed in the Note 3.1, Note 4 and Note 20 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the business acquisition process and related internal control procedures. • Reviewing the design and implementation of the internal control procedures for such matter. • Performing substantive testing as follows: <ul style="list-style-type: none"> - Examining the Business Transfer Agreements between the Company and the transferee companies in the Group, payment documents, share transferred documents and related supporting documents. - Examining details of assets and liabilities at the acquisition date which consists of the examination of occurrence, rights and obligations, completeness, accuracy and valuation and allocation of assets and liabilities. - Examining the valuation and allocation of fair value of identifiable assets and liabilities acquired at the acquisition date which have been performed by the independent appraiser. The examination has been performed by valuation specialist to review the valuation method and key assumptions used by management in determining the fair value of the identifiable assets and liabilities, including the purchase price allocation of assets and liabilities at the acquisition date.

Other Matter

The financial statements of Harn Engineering Solutions Public Company Limited for the year ended December 31, 2015, presented herein as comparative information, was audited by another auditor whose report thereon dated February 26, 2016, expressed an unmodified opinion.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, we have received such other information in the annual report that has been prepared for issuance before the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We have read other information in the annual report that has been prepared for issuance, we did not find any material inconsistency therein which we have to report.

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 TFRSs, 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, as applicable, 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BANGKOK
February 24, 2017

Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit: Thousand Baht

	Notes	As at December 31, 2016	As at December 31, 2015 (Restated)	As at January 1, 2015
ASSETS				
Current Assets				
Cash and cash equivalents	6	35,866	28,184	25,660
Temporary investments	7	265,179	256,675	270,160
Trade and other receivables	8	273,948	121,564	132,073
Current portion of finance lease receivables	9	10,017	-	-
Unbilled receivables		7,140	13,042	17,635
Inventories	10	237,566	114,315	101,517
Other current assets		18,119	1,832	760
Total Current Assets		847,835	535,612	547,805
Non-Current Assets				
General investment		242	-	-
Deposit at financial institution used as collateral	11, 29.1	-	1,280	-
Long-term finance lease receivables	9	10,044	-	-
Equipment	12	41,565	16,222	12,813
Goodwill	13	334,672	-	-
Customer relationship	14	102,983	-	-
Intangible asset	15	26,749	6,715	5,478
Deferred tax assets	16	-	3,450	1,479
Other non-current assets		15,761	5,727	4,791
Total Non-Current Assets		532,016	33,394	24,561
Total Assets		1,379,851	569,006	572,366

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)
STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

Unit: Thousand Baht

	Notes	As at December 31, 2016	As at December 31, 2015 (Restated)	As at January 1, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables	17	171,451	95,302	92,711
Income tax payable		12,873	2,778	5,841
Short-term provisions		168	88	388
Other current liabilities		9,756	3,528	1,789
Total Current Liabilities		194,248	101,696	100,729
Non-Current Liabilities				
Deferred tax liabilities	16	18,957	-	-
Employee benefit obligations	18	13,910	9,841	6,394
Other non-current liabilities		15,097	5,672	4,715
Total Non-Current Liabilities		47,964	15,513	11,109
Total Liabilities		242,212	117,209	111,838
Shareholders' Equity				
Share capital				
Authorized share capital	20			
584,500,000 ordinary shares of Baht 0.50 each		292,250		
350,000,000 ordinary shares of Baht 0.50 each			175,000	175,000
Issued and paid-up share capital				
584,500,000 ordinary shares of Baht 0.50 each, fully paid-up		292,250	-	-
350,000,000 ordinary shares of Baht 0.50 each, fully paid-up		-	175,000	175,000
Premium on ordinary shares	21	776,416	218,306	218,306
Retained earnings				
Appropriated				
Legal reserve	22	13,867	11,841	9,531
Unappropriated		55,106	46,650	57,691
Total Shareholders' Equity		1,137,639	451,797	460,528
Total Liabilities and Shareholders' Equity		1,379,851	569,006	572,366

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousand Baht

	Notes	2016	2015 (Restated)
Revenue from sales		571,469	473,406
Revenue from rendering of services		74,048	94,125
Cost of sales		(422,443)	(347,482)
Cost of rendering of services		(65,169)	(78,308)
Gross profit		157,905	141,741
Other income		17,206	15,416
Selling expenses		(36,618)	(34,391)
Administrative expenses		(87,749)	(66,154)
Finance costs		(21)	-
Profit before income tax expense		50,723	56,612
Income tax expense	27	(10,192)	(10,410)
Profit for the year		40,531	46,202
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial loss - net of tax		4,951	(2,433)
Total comprehensive income for the year		45,482	43,769
Earnings per share			
	28		
Basic earnings per share (Baht)		0.11	0.13
Weighted average number of ordinary shares (shares)		371,201,370	350,000,000

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousand Baht

	Notes	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total
				Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2015		175,000	218,306	9,531	57,691	460,528
Changes in shareholders' equity:						
Dividend paid	23	-	-	-	(52,500)	(52,500)
Appropriated to legal reserve	22	-	-	2,310	(2,310)	-
Net profit for the year		-	-	-	46,202	46,202
Other comprehensive loss for the year		-	-	-	(2,433)	(2,433)
Balance as at December 31, 2015		<u>175,000</u>	<u>218,306</u>	<u>11,841</u>	<u>46,650</u>	<u>451,797</u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousand Baht

	Notes	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total
				Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2016		175,000	218,306	11,841	46,650	451,797
Changes in shareholders' equity:						
Increase in ordinary shares	20	117,250	-	-	-	117,250
Premium on ordinary shares	4, 21	-	558,110	-	-	558,110
Dividend paid	23	-	-	-	(35,000)	(35,000)
Appropriated to legal reserve	22	-	-	2,026	(2,026)	-
Net profit for the year		-	-	-	40,531	40,531
Other comprehensive income for the year		-	-	-	4,951	4,951
Balance as at December 31, 2016		<u>292,250</u>	<u>776,416</u>	<u>13,867</u>	<u>55,106</u>	<u>1,137,639</u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousand Baht

	2016	2015 (Restated)
Cash flows from operating activities		
Profit before income tax expense	50,723	56,613
Adjustments:		
Depreciation and amortization of equipment and intangible assets	5,795	4,322
Amortization of customer relationship	1,325	-
Bad debt and doubtful debt	2,488	955
Loss on devaluation of inventories	8,370	671
Loss (gain) on disposals of equipment	227	(2,650)
Gain on disposals of investment	(2,067)	-
Unrealized (gain) loss on exchange rate	(374)	187
Unrealized (gain) loss on revaluation of temporary investments	(7,164)	2,488
Employee benefit obligations expense	1,200	750
Interest income	(104)	(585)
Dividend income	(395)	-
Profit from operations before changes in operating assets and liabilities	60,024	62,751
Changes in operating assets and liabilities		
Trade and other receivables	(8,548)	9,554
Current portion of finance lease receivables	(405)	-
Long-term finance lease receivables	(51)	-
Unbilled receivables	5,902	4,592
Inventories	(14,577)	(13,505)
Other current assets	(14,913)	(1,024)
Deposit at financial institution used as collateral	5,447	(1,280)
Other non-current assets	(503)	(936)
Trade and other payables	(5,629)	(2,079)
Short-term provisions	80	(300)
Other current liabilities	(1,288)	6,175
Payment of employee benefit obligations	(535)	(344)
Other non-current liabilities	575	958
Cash provided by operating activities	25,579	64,562
Interest received	104	585
Income tax paid	(8,189)	(14,837)
Net cash provided by operating activities	17,494	50,310

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS FIRE VICTOR PUBLIC COMPANY LIMITED)
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousand Baht

	2016	2015 (Restated)
Cash flows from investing activities		
Dividends received	395	-
Cash transfer received from business acquisition	40,166	-
Cash received from temporary investments	727	12,762
Cash paid for purchases of equipment	(1,638)	(6,858)
Proceeds from sales of equipment	291	886
Cash paid for purchase of intangible asset	(6,359)	(2,076)
Net cash provided by investing activities	<u>33,582</u>	<u>4,714</u>
Cash flows from financing activities		
Cash repayment of short-term loan from financial institution	(8,394)	-
Dividends paid	(35,000)	(52,500)
Net cash used in financing activities	<u>(43,394)</u>	<u>(52,500)</u>
Net increase in cash and cash equivalents	7,682	2,524
Cash and cash equivalents as at January 1,	<u>28,184</u>	<u>25,660</u>
Cash and cash equivalents as at December 31,	<u>35,866</u>	<u>28,184</u>
Non-cash transactions are as follows:		
1. Liabilities incurred from acquisition of fixed assets and intangible assets		
Liabilities incurred from acquisition of fixed assets and intangible assets as at January 1,		
Inventory transferred to fixed asset	(167)	(36)
Construction in progress transferred to fixed assets from business combination	(867)	-
<u>Add</u> Purchases of fixed assets and intangible assets	8,361	8,970
<u>Less</u> Cash payments	<u>(7,997)</u>	<u>(8,934)</u>
Liabilities incurred from acquisition of fixed assets and intangible assets as at December 31,	<u>(670)</u>	<u>-</u>
2. Non-cash transaction arising from business combination (See Note 4).		

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS “FIRE VICTOR PUBLIC COMPANY LIMITED”)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED
(FORMERLY KNOWN AS “FIRE VICTOR PUBLIC COMPANY LIMITED”)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

Harn Engineering Solutions Public Company Limited (the “Company”) was incorporated in Thailand under the Civil and Commercial Code of Thailand as a limited company on May 9, 2001. Subsequently, the Company was listed on the Stock Exchange of Thailand on May 22, 2014 and has its registered head office at 19/20-22 Soi Soonvijai, Rama 9 Road, Bangkapi, Huaykwang, Bangkok. The principal business is involved in wholesaling, retailing, and repairing, renting, leasing, contracting and installation services of fire protection system and fire suppression agent, trading cold storage devices, trading, repairing and renting of printing equipment.

The Company registered the change of the Company’s name from “Fire Victor Public Company Limited” to “Harn Engineering Solutions Public Company Limited” with the Ministry of Commerce on November 2, 2016 and changed the ticker symbol from “FIRE” to “HARN” with effective from November 2, 2016 onwards.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

- (1) The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2015) regarding “Presentation of Financial Statements”, which is effective for the financial statements for the periods beginning on or after January 1, 2016 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and financial performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statement B.E. 2554” dated September 28, 2011. When the Company applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, the Company shall present a statement of financial position as at the beginning of the earliest comparative period which in the Company’s case is the beginning balance as at January 1, 2015. Therefore, the statements of financial position as at December 31, 2015 and January 1, 2015, presented herein for comparison, have been presented in the new format to conform to the statement of financial position as at December 31, 2016.
- (2) The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. All financial information presented has been rounded to the nearest thousand Baht unless otherwise stated. The financial statements are prepared in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- (3) Thai Financial Reporting Standards affecting the presentation and/or disclosures in the current year financial statements.

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the periods beginning on or after January 1, 2016 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share-based payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
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TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants
Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

Above TFRSs have no material impact on these financial statements.

- (4) Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective.

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards.

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
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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 Rate
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

Thai Financial Reporting Standards (“TFRS”)

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 Assets
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

Thai Accounting Standards Interpretations (“TSIC”)

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 - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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)	Rights 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 Economies
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) Employee Benefit - 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

Guideline on Accounting

Guideline on Accounting regarding Derecognition and of Financial Assets and Liabilities

The Company's management will adopt the above relevant TFRSs and Guideline on Accounting in the preparation of the financial statements when they become effective. The management of the Company is currently in the process to assess the impact of these TFRS on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in English version from the financial statements followed the laws which is in Thai. In the event of any conflict or be interpreted in two different languages, the Thai version financial statements in accordance with Thailand law is superseded.

The financial statements have been prepared under the measurement basis of historical cost except as disclosed in the accounting policies as follows:

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 31.

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 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 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 equipment are determined by comparing the proceeds from disposal with the carrying amount of 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 equipment is 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 equipment, which is 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 2015), leasing transactions that are within the scope of TAS 17 (Revised 2015), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2015) or value in use in TAS 36 (Revised 2015).

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 Accounting estimates and source of estimation uncertainty

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

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

Critical judgments in applying accounting policies are as follows:

Impairment

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

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 18.

(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 30.

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 20).

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

	Chillmatch Co., Ltd.	Q I I S Co., Ltd.	Total
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
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.

The significant transactions with related parties for the years ended December 31, 2016 and 2015 were as follows:

	Unit : Thousand Baht	
	2016	2015
Purchase of goods		
Chillmatch Co., Ltd.	4	8
Sales of goods		
Chillmatch Co., Ltd.	-	7
Q II S Co., Ltd.	-	1
Purchase of equipment and intangible asset		
Harn Engineering Co., Ltd.	-	1,736
Sale of equipment		
Mr. Rattanaphan Mukhariwattananon	-	532
Mrs. Urairut Hanthaweeapat	-	353
Other income		
Q II S Co., Ltd.	2,681	6,629
Chillmatch Co., Ltd.	1,155	4,334
Office rental and service expenses		
Harn Engineering Co., Ltd.	5,469	5,211
Mr. Jain Charnnarong	451	469
Directors remuneration		
Directors	3,051	495

The significant balances of assets and liabilities with related parties as at December 31, 2016 and 2015 were as follows:

	Unit : Thousand Baht	
	2016	2015
Trade and other receivables		
Harn Engineering Co., Ltd.	3,820	1,380
Trade and other payables		
Chillmatch Co., Ltd.	-	1

Key management personnel compensation

Key management personnel compensation as at December 31, 2016 and 2015 consisted of:

	Unit : Thousand Baht	
	2016	2015
Short-term employee benefits	8,162	7,378
Post-employment benefits	311	58
Total	<u>8,473</u>	<u>7,436</u>

The Company/person relationship are detailed 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.*	Thailand	Subsidiary	Major shareholders
Chillmatch Co., Ltd.*	Thailand	Subsidiary	Major shareholders
Charnnarong Holding Group Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Soisawan Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Piyaraj Land and House Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Mother Land Property Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Mr. Jain Charnnarong	Thai	Related person	Shareholder and close member of the director's family
Mr. Rattanaphan Mukhariwattananon	Thai	Related person	Shareholder
Mrs. Urairut Hanthaweeapat	Thai	Related person	Shareholder

* On November 29, 2016, the Company has entered into agreement to acquire the business of these companies which are subsidiaries under the Entire Business Transfer (EBT) process (see Note 4).

Significant agreements with related parties

The Company entered into office building rental agreement as follows:

	As at December 31, 2016		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Mr. Jain Charnnarong	3 years	53,100
	Harn Engineering Co., Ltd.	1 year	549,600
Warehouse rental agreement	Harn Engineering Co., Ltd.	1 year	280,900

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 consisted of the following:

	Unit : Thousand Baht	
	2016	2015
Cash on hand	152	152
Savings deposit	21,591	9,652
Current deposits	10,459	17,659
Deposit in transit	2,668	-
Mutual fund	996	721
Total cash and cash equivalents	<u>35,866</u>	<u>28,184</u>

7. TEMPORARY INVESTMENTS

Temporary investments as at December 31, 2016 and 2015 consisted of:

As at December 31, 2016

	Unit : Thousand Baht		
	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>

As at December 31, 2015

	Unit : Thousand Baht		
	Cost value As at December 31, 2015	Unrealized gain (loss) on revaluation of investments	Fair value As at December 31, 2015
Trading securities			
- Investment units	222,934	4,303	227,237
- Investments in listed securities	35,418	(5,970)	29,448
<u>Less</u> Allowance for diminution in value of investment	(10)	-	(10)
Total	<u>258,342</u>	<u>(1,667)</u>	<u>256,675</u>

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2016 and 2015 consisted of:

	Unit : Thousand Baht	
	2016	2015
		(Restated)
Trade receivables - other companies	259,332	113,408
<u>Less</u> Allowance for doubtful accounts	<u>(5,415)</u>	<u>(2,926)</u>
Total trade receivables - net	253,917	110,482
Other receivable - related party	3,820	1,380
Other receivables - other companies	12,895	5,056
Prepaid expenses	2,782	4,633
Accrued income	534	13
Total trade and other receivables	<u><u>273,948</u></u>	<u><u>121,564</u></u>

Trade receivables as at December 31, 2016 and 2015 are classified by aging as follows:

	Unit : Thousand Baht	
	2016	2015
Trade receivables		
Current	162,303	75,328
Overdue		
Less than 3 months	88,461	33,599
Over 3 months up to 6 months	560	529
Over 6 months up to 12 months	1,792	2,210
Over 12 months	6,216	1,742
Total	<u>259,332</u>	<u>113,408</u>
<u>Less</u> Allowance for doubtful account	<u>(5,415)</u>	<u>(2,926)</u>
Trade receivables	<u><u>253,917</u></u>	<u><u>110,482</u></u>

9. FINANCE LEASE RECEIVABLES

The Company entered financial lease agreements of printing devices with lease terms is monthly at Baht 1.16 million. As at December 31, 2016 and 2015, finance lease receivables are as follows;

	Unit : Thousand Baht	
	2016	2015
Finance lease receivables	20,061	-
<u>Less</u> Current portion	<u>(10,017)</u>	<u>-</u>
Long-term finance lease receivables	<u><u>10,044</u></u>	<u><u>-</u></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, 2016 and 2015, are as follows:

	2016		Unit : Thousand Baht 2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	13,756	10,017	-	-
Over 1 year but less than 5 years	15,049	10,044	-	-
	28,805	20,061	-	-
<u>Less</u> Deferred interest	(8,744)	-	-	-
	<u>20,061</u>	<u>20,061</u>	<u>-</u>	<u>-</u>

10. INVENTORIES

Inventories as at December 31, 2016 and 2015 consisted of:

	Unit : Thousand Baht	
	2016	2015
Finished goods	211,587	98,065
Goods in transit	40,958	22,858
Total	252,545	120,923
<u>Less</u> Allowance for loss on devaluation of inventories	(14,979)	(6,608)
Inventories	<u>237,566</u>	<u>114,315</u>

As at December 31, 2016 and 2015, the amount of write-down of inventories recognized as part of cost of sales for the year in the statement of profit or loss and other comprehensive income are Baht 2.76 million and Baht 0.67 million, respectively.

11. DEPOSIT AT FINANCIAL INSTITUTION USED AS COLLATERAL

As at December 31, 2015, the Company has savings deposit at bank of Baht 1.28 million, pledged as collateral with a bank for letter of guarantee (see Note 29.1) (2016 : Nil).

12. EQUIPMENT

Equipment as at December 31, 2016 and 2015 were as follows:

As at December 31, 2016

	Balance as at January 1, 2016	Increase	Acquire through business combination	(Decrease)	Unit : Thousand Baht Balance as at December 31, 2016
Cost					
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 cost	<u>28,166</u>	<u>2,769</u>	<u>60,252</u>	<u>(1,755)</u>	<u>89,432</u>
Accumulated depreciation					
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 accumulated depreciation	<u>(11,944)</u>	<u>(4,326)</u>	<u>(31,799)</u>	<u>202</u>	<u>(47,867)</u>
Total equipment	<u>16,222</u>				<u>41,565</u>

As at December 31, 2015

	Balance as at January 1, 2015	Increase	(Decrease)	Unit : Thousand Baht Balance as at December 31, 2015
Cost				
Tool and equipment	1,156	56	(20)	1,192
Furniture and office equipment	9,006	1,478	(130)	10,354
Vehicles	9,291	5,351	(1,951)	12,691
Assets for rental and demonstration	3,922	8	(1)	3,929
Total cost	<u>23,375</u>	<u>6,893</u>	<u>(2,102)</u>	<u>28,166</u>
Accumulated depreciation				
Tool and equipment	(552)	(214)	20	(746)
Furniture and office equipment	(1,866)	(1,885)	129	(3,622)
Vehicles	(5,038)	(1,134)	1,951	(4,221)
Assets for rental and demonstration	(3,106)	(250)	1	(3,355)
Total accumulated depreciation	<u>(10,562)</u>	<u>(3,483)</u>	<u>2,101</u>	<u>(11,944)</u>
Total equipment	<u>12,813</u>			<u>16,222</u>
Depreciation for the years ended December 31,				
2016			Thousand Baht	<u>4,326</u>
2015			Thousand Baht	<u>3,483</u>

13. GOODWILL

Goodwill as at December 31, 2016 and 2015 were as follows:

	Unit : Thousand Baht	
	2016	2015
Cost		
Brought forward as at January 1,	-	-
Acquired through business combination (See Note 4)	<u>334,672</u>	<u>-</u>
Balance as at December 31,	<u><u>334,672</u></u>	<u><u>-</u></u>

14. CUSTOMER RELATIONSHIP

Customer relationship as at December 31, 2016 and 2015 were as follows:

	Unit: Thousand Baht	
	2016	2015
Cost		
Brought forward as at January 1,	-	-
Acquired through business combination (See Note 4)	104,308	-
Amortization for the year	<u>(1,325)</u>	<u>-</u>
Balance as at December 31,	<u><u>102,983</u></u>	<u><u>-</u></u>

15. INTANGIBLE ASSET

Intangible asset as at December 31, 2016 and 2015 were as follows:

As at December 31, 2016

	Balance as at January 1, 2016	Increase	Acquire through business combination	Unit : Thousand Baht (Decrease)	Balance as at December 31, 2016
Cost					
Computer software	7,249	8,192	16,956	-	32,397
Software under installation	<u>833</u>	<u>5,077</u>	<u>1,640</u>	<u>(7,510)</u>	<u>40</u>
Total cost	<u><u>8,082</u></u>	<u><u>13,269</u></u>	<u><u>18,596</u></u>	<u><u>(7,510)</u></u>	<u><u>32,437</u></u>
Accumulated amortization					
Computer software	<u>(1,367)</u>	<u>(1,469)</u>	<u>(2,852)</u>	<u>-</u>	<u>(5,688)</u>
Total accumulated amortization	<u><u>(1,367)</u></u>	<u><u>(1,469)</u></u>	<u><u>(2,852)</u></u>	<u><u>-</u></u>	<u><u>(5,688)</u></u>
Total intangible asset	<u><u>6,715</u></u>				<u><u>26,749</u></u>

As at December 31, 2015

	Balance as at January 1, 2015	Increase	Unit : Thousand Baht (Decrease)	Balance as at December 31, 2015
Cost				
Computer software	1,410	5,839	-	7,249
Software under installation	4,596	833	(4,596)	833
Total cost	<u>6,006</u>	<u>6,672</u>	<u>(4,596)</u>	<u>8,082</u>
Accumulated depreciation				
Computer software	(528)	(839)	-	(1,367)
Total accumulated depreciation	<u>(528)</u>	<u>(839)</u>	<u>-</u>	<u>(1,367)</u>
Total intangible asset	<u>5,478</u>			<u>6,715</u>
Amortization for the years ended December 31,				
2016			Thousand Baht	<u>1,469</u>
2015			Thousand Baht	<u>839</u>

16. DEFERRED TAX

Deferred tax assets and deferred tax liabilities as at December 31, 2016 and 2015 consisted of:

	Unit: Thousand Baht 2016	2015
Deferred tax assets	6,246	3,601
Deferred tax liabilities	(25,203)	(151)
Total	<u>(18,957)</u>	<u>3,450</u>

Movement of deferred tax assets and deferred tax liabilities during the year are as follows;

As at December 31, 2016

	Balance as at January 1, 2016	Acquire through business combination	Recognized in Profit (loss)	Recognized in other comprehensive income	Unit: Thousand Baht Balance as at December 31, 2016
Deferred tax assets					
Allowance for doubtful account	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 benefit obligations	1,692	1,339	225	(1,238)	2,018
Foreign currency forward contracts	-	20	15	-	35
Total	<u>3,601</u>	<u>3,477</u>	<u>406</u>	<u>(1,238)</u>	<u>6,246</u>
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	<u>(151)</u>	<u>(24,420)</u>	<u>(632)</u>	<u>-</u>	<u>(25,203)</u>
Total	<u>3,450</u>	<u>(20,943)</u>	<u>(226)</u>	<u>(1,238)</u>	<u>(18,957)</u>

As at December 31, 2015

	Balance as at January 1, 2015	Recognized in Profit (loss)	Recognized in other comprehensive income	Unit: Thousand Baht Balance as at December 31, 2015
Deferred tax assets				
Allowance for doubtful account	394	191	-	585
Allowance for devaluation of inventories	1,187	135	-	1,322
Allowance for impairment of investment	2	-	-	2
Employee benefit obligations	988	96	608	1,692
Total	<u>2,571</u>	<u>422</u>	<u>608</u>	<u>3,601</u>
Deferred tax liabilities				
Unbilled receivables	(994)	994	-	-
Depreciation of equipment	(98)	(53)	-	(151)
Total	<u>(1,092)</u>	<u>941</u>	<u>-</u>	<u>(151)</u>
Total	<u>1,479</u>	<u>1,363</u>	<u>608</u>	<u>3,450</u>

17. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2016 and 2015 consisted of:

	Unit : Thousand Baht 2016	2015 (Restated)
Trade payables		
Trade payables - other companies	104,401	69,667
Other payables		
Other payables - other companies	7,640	740
Accrued expenses	43,800	15,749
Others	15,610	9,146
Total	<u>67,050</u>	<u>25,635</u>
Trade and other payables	<u>171,451</u>	<u>95,302</u>

18. EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present value of employee benefit obligations for the years ended December 31, 2016 and 2015 were as follows:

	Unit : Thousands Baht	
	2016	2015
Employee benefit obligations as at January 1,	9,841	6,394
Benefit paid by plan acquired through business combination	9,593	-
Include in profit or loss:		
Current service cost	784	469
Interest cost	416	280
Transfer employees	(535)	(344)
Include in other comprehensive income:		
Actuarial loss		
Demographic assumptions changes	662	852
Financial assumptions changes	688	1,027
Experience adjustments	(7,539)	1,163
Employee benefit obligations as at December 31,	13,910	9,841

As at December 31, 2016 and 2015, the weighted average duration for post-employment benefits payment are 18 years and 22 years, respectively.

The result of change for significant assumptions that affect the present value of employee benefit obligations as at December 31, 2016 and 2015 are summarized below:

	Unit : Thousands Baht	
	2016	2015
Discount rate - increase by 0.5%	(11,086)	(7,597)
Discount rate - decrease by 0.5%	12,305	8,729
Future salary - increase by 0.5%	12,284	8,711
Future salary - decrease by 0.5%	(11,100)	(7,607)
Turnover rate - increase by 0.5%	(11,032)	(7,561)
Turnover rate - decrease by 0.5%	12,112	8,355

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Employee benefit obligations in the statements of financial position as at December 31, 2016 and 2015 consisted of:

	Unit : Thousands Baht	
	2016	2015
Post-employment benefit plan		
Present value of obligations	13,910	9,841
Employee benefit obligations - recognized in statement of financial position	13,910	9,841

The Company made defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

The principal assumptions used in determining provision for retirement benefit on an actuarial basis as at December 31, 2016 and 2015 (expressed as weighted averages) are shown below:

	Percentage	
	2016	2015
Discount rate	3.50	3.78
Salary increase rate	6.57	6.30
Turnover rate	0 - 24	0 - 24
Mortality rate	Thai Mortality Ordinary Table 2008	

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase rate and turnover rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

19. 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 2016 and 2015, the Company contributed Baht 2.20 million and Baht 1.36 million, respectively, to the program.

20. SHARE CAPITAL

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

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;
 - 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.

- 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.
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.
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.

21. PREMIUM ON ORDINARY SHARES

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

22. 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.

23. DIVIDEND PAID

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.

On April 24, 2015, the Annual General Meeting of Shareholders passed a resolution to pay dividend from operations of year 2014 of 350,000,000 shares at the rate of Baht 0.15 per share, in the total amount of Baht 52.50 million.

24. 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, 2016 and 2015, the Company paid contributions to provident fund and recognized as expenses amounting to Baht 1.88 million and Baht 1.64 million, respectively.

25. 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 accounting policies of the operating segments are the same as those described in Note 3.

The Company comprises the following main business segments:

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

During the years ended December 31, 2016 and 2015, 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.

During the years ended December 31, 2016 and 2015, the Company has revenue from service with 2 major customers in amount of Baht 21.13 million and Baht 18.73 million, respectively.

Unit: Thousand Baht

	2016					Financial statements						
	Segment 1	Segment 2	Segment 3	Segment 4	Elimination of inter-segment	Total	Segment 1	Segment 2	Segment 3	Segment 4	Elimination of inter-segment	Total
<i>As at December 31,</i>												
Assets for reportable segments												
Trade receivables - other companies	114,378	10,165	77,506	57,283	-	259,332	-	-	-	-	-	113,408
Inventories	128,967	8,661	55,110	44,828	-	237,566	-	-	-	-	-	114,315
Customer relationship	-	-	74,391	28,592	-	102,983	-	-	-	-	-	-
Goodwill	-	-	200,066	134,606	-	334,672	-	-	-	-	-	-
Assets under common use												
- Equipment	-	-	-	-	-	41,565	-	-	-	-	-	16,222
- Intangible assets	-	-	-	-	-	26,749	-	-	-	-	-	6,715
- Others	-	-	-	-	-	376,984	-	-	-	-	-	318,346
Total assets for reportable segments	<u>243,345</u>	<u>18,826</u>	<u>407,073</u>	<u>265,309</u>	<u>-</u>	<u>1,379,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,006</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,209</u>

Other segment information

Unit: Thousand Baht

	2016					Financial statements						
	Segment 1	Segment 2	Segment 3	Segment 4	Elimination of inter-segment	Total	Segment 1	Segment 2	Segment 3	Segment 4	Elimination of inter-segment	Total
<i>For the year ended December 31,</i>												
Depreciation and amortization												
Equipment	-	-	-	-	-	4,326	-	-	-	-	-	3,483
Intangible assets	-	-	-	-	-	1,469	-	-	-	-	-	839
Customer relationship	-	-	974	351	-	1,325	-	-	-	-	-	-
Increase of non-current assets for reportable segments	-	-	-	-	-	498,622	-	-	-	-	-	8,834

26. EXPENSES BY NATURE

The financial statements include an analysis of expenses by function. Expenses by nature for the years ended December 31, 2016 and 2015 were as follows:

	Unit : Thousand Baht	
	2016	2015
Purchases of finished goods	610,134	395,731
Other changes in finished goods	(113,522)	(13,469)
Employee benefit expenses	81,911	68,663
Office rental and service expenses	6,464	6,016
Others	26,992	69,394
	<u>611,979</u>	<u>526,335</u>

27. INCOME TAX EXPENSE

Income tax expenses recognized in statements of profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015 were as follows:

		Unit : Thousand Baht	
	Note	2016	2015
Current income tax expense			
Current year		9,966	11,773
Deferred tax			
Movements in temporary differences	16	226	(1,363)
Total income tax expense		<u>10,192</u>	<u>10,410</u>

Reconciliation of effective tax rate

	2016		2015	
	Rate (%)	Amount	Rate (%)	Amount
Profit for the year		39,293		46,811
Income tax expense		11,430		9,801
Accounting profit before income tax expense		<u>50,723</u>		<u>56,612</u>
Income tax using applicable tax rate	20	10,145	20	11,323
Tax effect of non-deductible expense (benefit)				
- Expenses not deductible for tax purposes		84		549
- Addition expenses deductible for tax purpose		(263)		(99)
Movement in temporary difference		226		(1,363)
Income tax expense		<u>10,192</u>		<u>10,410</u>

According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 3, 2014, the corporate income tax rates were 20% of net profit for accounting period beginning on or after January 1, 2015 but not later than December 31, 2015.

According to the Revenue Code Amendment Act (No. 42) B.E. 2559 which is effective on March 5, 2016, the corporate income tax is reduced from 30% to 20% of net taxable profit for the accounting period which begins on or after January 1, 2016 onwards.

The Company used a tax rate of 20% for calculation the corporate income tax and deferred taxes for the years ended December 31, 2016 and 2015 in order to comply with such change.

28. BASIC EARNINGS PER SHARE

The calculations of basic earnings per share for the years ended December 31, 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of weighted ordinary shares outstanding during the years held by shareholders as follows:

	Unit: Thousand Baht	
	2016	2015
Profit for the year	40,531	46,202
Number of ordinary shares as at January 1	350,000,000	350,000,000
Effect of shares issuance during year	<u>21,201,370</u>	<u>-</u>
Weighted average number of outstanding ordinary shares for the year (shares)	<u>371,201,370</u>	<u>350,000,000</u>
Basic earnings per share (Baht/share)	0.11	0.13

29. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2016 and 2015, the Company had commitments and contingent liabilities as follows:

29.1 As at December 31, 2016 and December 31, 2015, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 12.64 million and Baht 17.87 million, respectively. As at December 31, 2015, the Company has savings deposits at bank of Baht 1.28 million, pledged as collateral with a bank for such letters of guarantee (see Note 11). (2016 : Nil)

29.2 The credit facilities with financial institutions as at December 31, 2016 and 2015 consisted of:

<u>Type of credit</u>	<u>Facilities (Million Baht)</u>		<u>Referred interest rate (% per annum)</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank overdrafts	17.00	9.00	MOR	MOR
Letter of credit/trust receipt	231.00	57.00	Fixed deposit MLR-1,MMR	Fixed deposit MLR-1,MMR
Letter of guarantee	30.00	14.00	2%	2%
Forward exchange contracts	363.39	60.39	-	-
Promissory notes	15.00	5.00	MLR	MLR
Up country check purchase	3.00	-		
Total	<u>659.39</u>	<u>145.39</u>		
Forward foreign exchange contracts (Million US dollars)	<u>3.00</u>	<u>0.30</u>		

29.3 Minimum lease and service payments as at December 31, 2016 and 2015 are as follows:

Payment periods	2016	Unit : Million Baht 2015
Due not later than 1 year	12.83	5.55
Due later than 1 year but not later than 5 years	22.03	0.54

Rental and service expenses for the years ended December 31, 2016 and 2015 are Baht 6.36 million and Baht 6.02 million, respectively.

30. 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, 2016 and 2015, 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:

As at December 31, 2016

	Level 1	Level 2	Unit : Thousand Baht	
			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)

As at December 31, 2015

	Level 1	Level 2	Unit : Thousands Baht	
			Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	227,237	-	227,237
Investments in equity securities	29,448	-	-	29,448
Foreign currency forward contracts	-	47	-	47

Fair valuation techniques and inputs to Level 2 fair valuation

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

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

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

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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, 2016 and 2015.

Financial assets and financial liabilities	Fair value as at December 31, 2016 2015 (Thousand Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	2016	2015		
<u>Financial assets</u>				
1. Foreign currency forward contracts	-	46,808	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.
<u>Financial liabilities</u>				
1. Foreign currency forward contracts	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.

31. 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, 2016 and 2015, the Company has financial liabilities in foreign currencies as follows;

	Unit : Thousand Baht	
	Amount	
	2016	2015
<i>Not hedged</i>		
US dollar	788,508	754,498
SG dollar	161	99,115
EURO	-	15,093
GBP	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.

32. RECLASSIFICATIONS

Certain reclassifications have been made in the statement of financial position as at December 31, 2015, and statement of profit or loss and other comprehensive income for the year ended December 31, 2015 to conform to the classifications used in the financial statements for the year ended December 31, 2016 as follows:

Items	Amount (Thousand Baht)	Previous presentation	Current presentation
Advance - travelling and others	27	Other current assets	Trade and other receivables
Prepaid insurance and other prepaid expenses	4,633	Other current assets	Trade and other receivables
Accrued - social security	172	Trade and other payables	Other current liabilities
Advance received for goods and services	24	Other current liabilities	Trade and other payables
Advance received from project work	6,877	Other current liabilities	Trade and other payables
Transportation revenue	7	Revenue from sale of goods and rendering of services	Other income

33. EVENT AFTER THE REPORTING PERIOD

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 will be proposed to the next Annual General Shareholders' Meeting for approval.

34. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on February 24, 2017.