

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

## **AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

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

I have reviewed the accompanying statement of financial position of Harn Engineering Solutions Public Company Limited as at September 30, 2018 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2018, changes in shareholders’ equity and cash flows for the nine-month period then ended September 30, 2018, and the condensed notes to financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

### **SCOPE OF REVIEW**

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

### **CONCLUSION**

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

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

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
November 9, 2018

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- 2 -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT SEPTEMBER 30, 2018**

**ASSETS**

		Thousand Baht	
		As at September	As at December
	Note	30, 2018	31, 2017
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		23,666	41,956
Temporary investments	5	224,146	199,119
Trade and other receivables	6	273,919	274,841
Current portion of finance lease receivables	7	9,054	8,783
Unbilled receivables		17,924	11,877
Inventories	8	288,919	291,266
Other current assets		466	910
<b>TOTAL CURRENT ASSETS</b>		<b>838,094</b>	<b>828,752</b>
<b>NON-CURRENT ASSETS</b>			
General investment		242	242
Long-term finance lease receivables	7	13,683	10,473
Investment property	9	114,950	-
Property and equipment	10	32,908	150,468
Goodwill	11	334,672	334,672
Customer relationship	12	76,937	88,082
Intangible assets	13	24,950	27,301
Other non-current assets		20,383	17,352
<b>TOTAL NON-CURRENT ASSETS</b>		<b>618,725</b>	<b>628,590</b>
<b>TOTAL ASSETS</b>		<b>1,456,819</b>	<b>1,457,342</b>

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

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- 3 -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT SEPTEMBER 30, 2018**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Thousand Baht	
		As at September	As at December
	Note	30, 2018	31, 2017
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	165,536	174,475
Income tax payable		9,080	17,474
Short-term provisions		437	-
Other current liabilities		5,116	5,817
<b>TOTAL CURRENT LIABILITIES</b>		<b>180,169</b>	<b>197,766</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		9,007	13,455
Employee's benefit obligations		16,228	14,898
Other non-current liabilities		19,652	16,547
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>44,887</b>	<b>44,900</b>
<b>TOTAL LIABILITIES</b>		<b>225,056</b>	<b>242,666</b>

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- 4 -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT SEPTEMBER 30, 2018**

**LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

	Thousand Baht	
	As at September	As at December
Note	30, 2018	31, 2017
<b>SHAREHOLDERS' EQUITY</b>		
Share capital		
Authorized share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250	292,250
Issued and paid-up share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250	292,250
Premium on ordinary shares	776,416	776,416
Retained earnings		
Appropriated		
Legal reserve	20,351	20,351
Unappropriated	142,746	125,659
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,231,763</b>	<b>1,214,676</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,456,819</b>	<b>1,457,342</b>

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

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- 5 -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

	Thousand Baht	
Note	2018	2017
Revenues		
Revenues from sales	301,714	305,838
Revenue from rendering of services	44,771	38,848
Other income	1,376	3,055
Total revenues	<u>347,861</u>	<u>347,741</u>
Expenses		
Cost of sales	204,813	206,122
Cost of rendering of services	39,766	39,436
Selling expenses	27,155	24,668
Administrative expenses	30,579	34,842
Total expenses	<u>302,313</u>	<u>305,068</u>
Profit before income tax expenses	45,548	42,673
Income tax expenses	9,020	8,771
Profit for the period	<u>36,528</u>	<u>33,902</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u><u>36,528</u></u>	<u><u>33,902</u></u>
Earnings per share	17	
Basic earning per share (Baht per share)	<u>0.06</u>	<u>0.06</u>
Weighted average number of ordinary shares (thousand shares)	<u>584,500</u>	<u>584,500</u>

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

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- 6 -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (CONT.)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

	Thousand Baht	
Note	2018	2017
Revenues		
Revenues from sales	901,947	869,316
Revenue from rendering of services	112,247	96,439
Other income	7,147	11,208
Total revenues	<u>1,021,341</u>	<u>976,963</u>
Expenses		
Cost of sales	607,762	600,299
Cost of rendering of services	106,119	93,069
Selling expenses	80,948	72,615
Administrative expenses	103,221	98,364
Total expenses	<u>898,050</u>	<u>864,347</u>
Profit before income tax expenses	123,291	112,616
Income tax expenses	24,374	21,602
Profit for the period	<u>98,917</u>	<u>91,014</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u><u>98,917</u></u>	<u><u>91,014</u></u>
Earnings per share	17	
Basic earning per share (Baht per share)	<u>0.17</u>	<u>0.16</u>
Weighted average number of ordinary shares (thousand shares)	<u>584,500</u>	<u>584,500</u>

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

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- 7 -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

Thousand Baht					
	Issued and	Premium	Retained earnings		Total
	paid-up	on	Appropriated	Unappropriated	shareholders'
Note	share capital	ordinary shares	legal reserve		equity
Beginning balance as at January 1, 2017	292,250	776,416	13,867	55,106	1,137,639
Dividend	-	-	-	(52,605)	(52,605)
Total comprehensive income for the period	-	-	-	91,014	91,014
Ending balance as at September 30, 2017	<u>292,250</u>	<u>776,416</u>	<u>13,867</u>	<u>93,515</u>	<u>1,176,048</u>
Beginning balance as at January 1, 2018	292,250	776,416	20,351	125,659	1,214,676
Dividend	-	-	-	(81,830)	(81,830)
Total comprehensive income for the period	-	-	-	98,917	98,917
Ending balance as at September 30, 2018	<u>292,250</u>	<u>776,416</u>	<u>20,351</u>	<u>142,746</u>	<u>1,231,763</u>

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



**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

	Baht	
	2018	2017
Cash flows from operating activities		
Profit for the period	98,917	91,014
Adjustment to reconcile profit (loss) for the period to net cash provided by (used in) operating activities :		
Bad debt and allowance for doubtful account (reversal)	2,586	(1,323)
Depreciation and amortization	12,227	11,872
Amortization of customer relationship	11,145	11,145
Loss on devaluation of inventories	5,287	4,378
(Gain) loss on disposals of fixed assets	(162)	378
Unrealized (gain) loss on exchange rate	(5)	120
(Gain) loss on disposals of investment	(887)	(4,133)
Unrealized (gain) loss on revaluation of temporary investments	458	2,470
Interest income	(49)	(47)
Dividend income	-	(793)
Employee's benefit expenses	1,330	1,239
Income tax expense	24,374	21,602
Profit from operating before changes in operating assets and liabilities	155,221	137,922
(Increase) decrease in operating assets		
Trade and other receivables	(1,671)	(26,995)
Finance lease receivables	(3,481)	2,037
Unbilled receivables	(6,047)	(9,117)
Inventories	(5,258)	(71,505)
Other current assets	443	433
Other non-current assets	(3,032)	(1,103)
Increase (decrease) in operating liabilities		
Trade and other payables	(5,287)	18,864
Short-term provisions	437	308
Other current liabilities	(701)	(218)
Employee's benefit obligations	-	(1,901)
Other non-current liabilities	3,105	895
Cash received (paid) from operating	133,729	49,620
Income tax paid	(37,216)	(30,985)
Net cash provided by (used in) operating activities	96,513	18,635

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONT.)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

	Baht	
	2018	2017
Cash flows from investing activities		
Cash receipts from redemption of temporary investments	260,872	420,769
Cash payments for purchase of temporary investment	(285,470)	(385,976)
Cash receipts from disposal of equipment	2,726	582
Cash payments for purchase of equipment	(7,051)	(1,894)
Cash payments for purchases of intangible assets	(4,099)	(1,053)
Interest received	49	47
Dividends received	-	793
Net cash provided by (used in) investing activities	(32,973)	33,268
Cash flows from financing activities		
Dividend paid	(81,830)	(52,605)
Net cash provided by (used in) financing activities	(81,830)	(52,605)
Net increase (decrease) in cash and cash equivalents	(18,290)	(702)
Cash and cash equivalents at beginning of period	41,956	35,866
Cash and cash equivalents at end of period	23,666	35,164
Supplementaly disclosures of cash flows information :		
Non-Cash transaction		
Liabilities incurred from acquisition of fixed assets and intangible assets		
Liabilities incurred from acquisition of fixed assets		
and intangible assets as at January 1,	4,045	670
Inventories transferred to fixed asset	(3,175)	(5,505)
<u>Add</u> Purchases of fixed assets and intangible assets	10,686	11,622
<u>Less</u> Cash payments	(11,150)	(2,947)
Liabilities incurred from acquisition of		
fixed assets and intangible assets as at September 30,	406	3,840

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

1. GENERAL INFORMATION

(a) Legal status and address

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

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

The addresses of its registered head office are as follows:

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

(b) Nature of the Company's operations

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

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2017) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2017.

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

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

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

The Company has adopted the revised 2017 Thai Financial Reporting Standards issued by the Federation of Accounting Professions which become effective for the fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. These financial reporting standards do not have any significant impact on the Company's financial statements.

2.3 Newly issued financial reporting standards and effective in the future

During 2018, the Federation of Accounting Professions issued new financial reporting standards that are already announced in the Royal Gazette which are the newly issued financial reporting standards.

New accounting standards are effective for the fiscal year beginning on or after January 1, 2019, as follows.

TFRS 15 Revenue from Contracts with Customers require entities to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

Key principles of this standard are revenue recognition that will replace the following standards and interpretations as follows:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Program
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

New accounting standards which are effective for the fiscal year beginning on or after January 1, 2020 are as follows.

Financial Reporting Standard - group of financial instruments specifies how the entity will use the classification and measurement of financial assets, financial liabilities and contracts to purchase or to sell non-financial items. An entity is required to recognize financial assets or financial liabilities in the statement of financial position when the entity is a party to the terms of the contract of such financial instrument at the date of recognition. The entity has to measure the value of financial asset or financial liability that is not measured at fair value through profit or loss with fair value by adding or subtracting the transaction costs directly attributable to the acquisition or the issue of a financial asset or financial liabilities as follows:

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

At present, the management of the Company is evaluating the impact on the financial statements for the year in which they are initially applied.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Company prepared the interim financial statements with the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2017, except for the accounting policies that have the significant change as follows:

#### Investment property

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

### 4. RELATED PARTY TRANSACTIONS

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

Types of relationship of related parties were as follows :

Company/Person name	Country/		Relationship
	Nationality	Related	
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Phraboriban Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Mr. Jain Charnarong	Thai	Related person	Shareholder and close member of the director's family
Mrs. Sirima Iamsakulrat	Thai	Related person	Shareholder and close member of the director's family
Key management personnel	Thai	Related person	Authorized person and responsible in management

Bases of measurement for intercompany revenues and expenses

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

Significant agreements with related parties

The Company entered into office building rental agreement as follows :

	<u>As at September 30, 2018</u>		
	<u>Lessor</u>	<u>Period</u>	<u>Rate per month (Baht)</u>
Office rental agreement	Mr. Jain Charnnarong	3 years	53,100
	Harn Engineering Co., Ltd.	3 years	498,996
Warehouse rental agreement	Phraboriban Co., Ltd.	3 years	280,900

Balances with the related parties as at September 30, 2018 and December 31, 2017 consisted of :

	<u>Thousand Baht</u>	
	<u>As at September 30, 2018</u>	<u>As at December 31, 2017</u>
Trade and other receivables		
Harn Engineering Co., Ltd.	2,336	2,360

Transactions for the three-month and nine-month periods ended September 30, 2018 and 2017 with related parties were summarized as follows :

	<u>Thousand Baht</u>			
	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Purchase of equipments				
Harn Engineering Co., Ltd.	-	-	285	-
Office rental and service expenses				
Harn Engineering Co., Ltd.	1,497	1,497	4,491	4,491
Mr. Jain Charnnarong	159	159	477	478
	<u>1,656</u>	<u>1,656</u>	<u>4,968</u>	<u>4,969</u>

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- 14 -

	Thousand Baht			
	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2018	2017	2018	2017
Warehouse rental expenses				
Mrs. Sirima Iamsakulrat	280	843	1,966	2,528
Phraboriban Co., Ltd.	562	-	562	-
	<u>842</u>	<u>843</u>	<u>2,528</u>	<u>2,528</u>
Directors remuneration				
Directors	970	1,470	2,905	1,620
Management benefit expenses				
Short-term employee’s benefits	3,102	2,585	9,148	8,219
Post-employment benefits	107	103	319	339
	<u>4,179</u>	<u>4,158</u>	<u>12,372</u>	<u>10,178</u>

## 5. TEMPORARY INVESTMENTS

Temporary investments were consisted of :

	Thousand Baht		
	As at September 30, 2018		
	Cost value	Unrealized	Fair value
	As at September	gain (loss) on	As at September
30, 2018	revaluation	30, 2018	
	<u>of investments</u>		
Trading securities			
- Investment units	222,790	1,356	224,146
- Investments in listed securities	6	-	6
<u>Less</u> Allowance for diminution in value of investment	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Total	<u>222,790</u>	<u>1,356</u>	<u>224,146</u>

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

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables were consisted of :

	Thousand Baht	
	As at September 30, 2018	As at December 31, 2017
Trade receivable		
Trade receivables - other companies	261,088	262,887
<u>Less</u> Allowance for doubtful accounts	(6,876)	(4,290)
Net	<u>254,212</u>	<u>258,597</u>
Other receivables		
Other receivables - related parties	2,336	2,360
Other receivables - other companies	2,211	225
Accrued retentions	9,584	9,150
Deposit of inventories	398	1,452
Prepaid expenses	5,048	2,863
Accrued income	130	194
Total other receivables	<u>19,707</u>	<u>16,244</u>
Total trade and other receivables	<u>273,919</u>	<u>274,841</u>



Trade receivables are classified by aging as follows :

	Thousand Baht	
	As at September 30, 2018	As at December 31, 2017
Current	185,126	184,348
Overdue		
Less than 3 months	66,325	69,660
Over 3 months up to 6 months	3,660	4,120
Over 6 months up to 12 months	2,496	1,065
Over 12 months	3,481	3,694
Total	261,088	262,887
<u>Less</u> Allowance for doubtful account	(6,876)	(4,290)
Trade receivables, net	254,212	258,597

#### 7. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of :

	Thousand Baht	
	As at September 30, 2018	As at December 31, 2017
Finance lease receivables - printing devices	22,737	19,256
<u>Less</u> Current portion	(9,054)	(8,783)
Long-term finance lease receivables	13,683	10,473

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at September 30, 2018 and December 31, 2017, are as follows:

	Thousand Baht			
	As at September 30, 2018		As at December 31, 2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	12,105	9,054	12,280	8,783
Over 1 year but less than 5 years	17,356	13,683	14,852	10,473
	29,461	22,737	27,132	19,256
<u>Less</u> Deferred interest	(6,724)	-	(7,876)	-
	22,737	22,737	19,256	19,256

8. INVENTORIES

Inventories were consisted of :

	Thousand Baht	
	As at September 30, 2018	As at December 31, 2017
Finished goods	265,786	242,933
Goods in transit	41,833	61,746
Total	307,619	304,679
<u>Less</u> Allowance for loss on devaluation of inventories	(18,700)	(13,413)
Total	288,919	291,266

Decline in value of inventory recognized as cost of goods sold for the nine-month period ended September 30, 2018 was Baht 5.29 million.

9. INVESTMENT PROPERTY

Changes in the investment property for the nine-month period ended September 30, 2018 was as follows :

	Thousand Baht
Net book amount, beginning of the period	-
Acquisitions during the period	114,950
Net book amount, end of the period	114,950

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

Such land had no obligation.

10. PROPERTY AND EQUIPMENT

Changes in the property and equipment for the nine-month period ended September 30, 2018 were summarized as follows :

	Thousand Baht
<u>Cost</u>	
Balance as at December 31, 2017	206,360
Acquisitions during the period	9,874
Disposals and write-off during the period	(10,240)
Transfer in / (out)	(114,950)
Balance as at September 30, 2018	91,044

	<u>Thousand Baht</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2017	(55,892)
Depreciation for the period	(9,064)
Accumulated depreciation on disposals and write-off	6,820
Transfer in / (out)	-
Balance as at September 30, 2018	<u>(58,136)</u>
<u>Net book value</u>	
Balance as at December 31, 2017	<u>150,468</u>
Balance as at September 30, 2018	<u>32,908</u>

As at September 30, 2018 and December 31, 2017, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 26.71 million and Baht 24.30 million, respectively.

During the year 2018, the Company has transferred the land at the book value of Baht 114.95 million to become investment property (Note 9).

#### 11. GOODWILL

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

#### 12. CUSTOMER RELATIONSHIP

Changes in customer relationship for the nine-month period ended September 30, 2018 were summarized as follows :

	<u>Thousand Baht</u>
<u>At cost</u>	
Balance as at December 31, 2017	104,308
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at September 30, 2018	<u>104,308</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2017	(16,226)
Amortization for the period	(11,145)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2018	<u>(27,371)</u>
<u>Net book value</u>	
Balance as at December 31, 2017	<u>88,082</u>
Balance as at September 30, 2018	<u>76,937</u>

13. INTANGIBLE ASSETS

Changes in intangible assets for the nine-month period ended September 30, 2018 were summarized as follows :

	<u>Thousand Baht</u>
<u>At cost</u>	
Balance as at December 31, 2017	36,733
Acquisitions during the period	812
Disposals and write-off during the period	-
Balance as at September 30, 2018	<u>37,545</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2017	(9,432)
Amortization for the period	(3,163)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2018	<u>(12,595)</u>
<u>Net book value</u>	
Balance as at December 31, 2017	<u>27,301</u>
Balance as at September 30, 2018	<u>24,950</u>

As at September 30, 2018 and December 31, 2017, the Company had intangible assets, which were fully amortized but still in use with the cost price of Baht 1.06 million and Baht 1.01 million, respectively.

14. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of :

	<u>Thousand Baht</u>	
	<u>As at September</u>	<u>As at December</u>
	<u>30, 2018</u>	<u>31, 2017</u>
Trade payables		
Trade payables - other companies	95,002	109,507
Other payables		
Other payables	4,938	7,635
Accrued commission expenses	15,160	15,725
Accrued bonus	13,481	17,039
Advance from customers for goods and services	23,679	13,668
Accrued expenses	6,820	6,555
Other	6,456	4,346
Total	<u>70,534</u>	<u>64,968</u>
Total trade and other payables	<u>165,536</u>	<u>174,475</u>

15. DIVIDEND PAID

On February 23, 2018, the Company’s Board of Directors No. 2/2018 passed the resolution to declare dividend at Baht 0.14 per share for 584,500,000 issued and paid up ordinary shares, in total amount of Baht 81,830,000. The dividend declaration had been approved from Annual General Shareholders’ Meeting No. 1/2018 on April 27, 2018.

16. OPERATING SEGMENT

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

The Company comprises the following main business segments:

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

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**“REVIEWED”**

- 21 -

Operating segment by business in the statement of comprehensive income for the three-month periods ended September 30, 2018 and 2017 were as follows :

	Thousand Baht									
	For the three-month period ended September 30,									
	2018					2017				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	117,045	20,929	89,176	74,564	301,714	128,124	21,029	89,224	67,461	305,838
Revenue from rendering of services	36,655	-	-	8,116	44,771	31,117	-	-	7,731	38,848
Cost of sale of goods	(82,340)	(15,462)	(63,291)	(43,720)	(204,813)	(94,491)	(15,307)	(60,348)	(35,976)	(206,122)
Cost of rendering of services	(29,678)	-	-	(10,088)	(39,766)	(28,471)	-	-	(10,965)	(39,436)
Gross profit	41,682	5,467	25,885	28,872	101,906	36,279	5,722	28,876	28,251	99,128
Other income					1,376					3,055
Selling expenses					(27,155)					(24,668)
Administrative expenses					(30,579)					(34,842)
Finance cost					-					-
Profit before income tax expense					45,548					42,673
Income tax expense					(9,020)					(8,771)
Profit for the periods					36,528					33,902
Other comprehensive income					-					-
Total comprehensive income for the periods					36,528					33,902

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- 22 -

Operating segment by business in the statement of comprehensive income for the nine-month periods ended September 30, 2018 and 2017 were as follows :

	Thousand Baht									
	For the nine-month period ended September 30,									
	2018					2017				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	342,404	63,571	254,521	241,451	901,947	368,330	62,342	237,010	201,634	869,316
Revenue from rendering of services	88,803	-	-	23,444	112,247	76,448	-	-	19,991	96,439
Cost of sale of goods	(242,240)	(47,446)	(175,916)	(142,160)	(607,762)	(274,448)	(45,947)	(166,351)	(113,553)	(600,299)
Cost of rendering of services	(76,850)	-	-	(29,269)	(106,119)	(66,595)	-	-	(26,474)	(93,069)
Gross profit	112,117	16,125	78,605	93,466	300,313	103,735	16,395	70,659	81,598	272,387
Other income					7,147					11,208
Selling expenses					(80,948)					(72,615)
Administrative expenses					(103,221)					(98,364)
Finance cost					-					-
Profit before income tax expense					123,291					112,616
Income tax expense					(24,374)					(21,602)
Profit for the periods					98,917					91,014
Other comprehensive income					-					-
Total comprehensive income for the periods					98,917					91,014

**“UNAUDITED”**

**“REVIEWED”**

- 23 -

Operating segment by business in the statement of financial position as at September 30, 2018 and December 31, 2017 were as follows :

	Thousand Baht									
	As at September 30, 2018					As at December 31, 2017				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Assets for reportable segments										
Trade receivables - other companies	120,120	21,011	77,010	42,947	261,088	118,278	19,085	70,717	54,807	262,887
Inventories	130,920	15,815	75,804	66,380	288,919	136,777	9,088	87,324	58,077	291,266
Customer relationship	-	-	55,572	21,365	76,937	-	-	63,624	24,458	88,082
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Assets under common use										
- Equipment	-	-	-	-	32,908	-	-	-	-	150,468
- Intangible assets	-	-	-	-	24,950	-	-	-	-	27,301
- Others	-	-	-	-	437,345	-	-	-	-	302,666
Total assets for reportable segments	<u>251,040</u>	<u>36,826</u>	<u>408,452</u>	<u>265,298</u>	<u>1,456,819</u>	<u>255,055</u>	<u>28,173</u>	<u>421,731</u>	<u>271,948</u>	<u>1,457,342</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,666</u>



For the nine-month periods ended September 30, 2018 and 2017, there was no revenue from sales with a single external customers contributed 10% or more to the total revenue.

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

For the nine-month periods ended September 30, 2018 and 2017, the Company has revenue from service with 2 major customers and 2 major customers in amount of Baht 35.88 million and Baht 13.73 million, respectively.

#### 17. BASIC EARNINGS PER SHARE

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

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2018	2017	2018	2017
Profit for the periods (Thousand Baht)	36,528	33,902	98,917	91,014
Weighted average number of ordinary shares (Thousand Shares)	584,500	584,500	584,500	584,500
Basic earnings per share (Baht per share)	0.06	0.06	0.17	0.16

#### 18. COMMITMENTS AND CONTINGENT LIABILITIES

As at September 30, 2018 and December 31, 2017, the Company had commitments and contingent liabilities as follows :

18.1 As at September 30, 2018 and December 31, 2017, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 22.79 million and Baht 18.78 million, respectively.

18.2 The credit facilities with financial institutions as at September 30, 2018 and December 31, 2017 consisted of :

Type of credit	Facilities (Million Baht)		Referred interest rate (% per annum)	
	As at September	As at December	As at September	As at December
	30, 2018	31, 2017	30, 2018	31, 2017
Bank overdrafts	11.00	11.00	MOR	MOR
			Fixed deposit	Fixed deposit
Letter of credit/trust receipt	160.00	160.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	54.47	24.47	1.65 - 2%	1.65 - 2%
Forward exchange contracts	562.39	562.39		
Promissory notes	5.00	5.00	MLR	MLR
Total	792.86	762.86		
Forward foreign exchange contracts (Million US dollars)	3.00	3.00		

18.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht	
	As at September 30, 2018	As at December 31, 2017
Due not later than 1 year	12.80	13.71
Due later than 1 year but not later than 5 years	4.08	12.65

Rental and service expenses for the nine-month period ended September 30, 2018 and 2017 are Baht 10.59 million and Baht 10.43 million, respectively.

#### 19. FAIR VALUE MEASUREMENT

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

##### Fair value hierarchy

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

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

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

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

As at September 30, 2018 and December 31, 2017, the Company had the following financial assets and liabilities that were measured at fair value on which the fair value hierarchy is classified as follows :

	Thousand Baht			
	As at September 30, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	224,146	-	224,146
Foreign currency forward contracts	-	(683)	-	(683)
	Thousand Baht			
	As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	199,119	-	199,119
Foreign currency forward contracts	-	(514)	-	(514)

Fair valuation techniques and inputs to Level 2 fair valuation

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

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

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

Certain financial assets and financial liabilities is measured at fair value

The following table gives information about how the fair values of these financial assets and financial liabilities are measured at fair value on fair value hierarchy as at September 30, 2018 and December 31, 2017.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	As at September 30, 2018	As at December 31, 2017		
<u>Financial assets (liabilities)</u>				
Foreign currency forward contracts	(682,515)	(514,283)	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

20. RECLASSIFICATIONS

Certain reclassifications have been made in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2017 to conform to the classifications used in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018 as follows :

	Thousand Baht		
	For the three-month periods ended September 30, 2017		
	As previously reported	Increase (decrease)	As reclassified
Revenues from sales	302,723	3,115	305,838
Revenue from rendering of services	41,963	(3,115)	38,848
Selling expenses	22,329	2,339	24,668
Administrative expenses	37,181	(2,339)	34,842

	Thousand Baht		
	For the nine-month periods ended September 30, 2017		
	As previously reported	Increase (decrease)	As reclassified
Revenues from sales	864,744	4,572	869,316
Revenue from rendering of services	101,011	(4,572)	96,439
Selling expenses	65,517	7,098	72,615
Administrative expenses	105,462	(7,098)	98,364

## 21. EVENT AFTER THE REPORTING PERIOD

According to the Board of Directors’ Meeting No. 4/2018 held on August 9, 2018, the Board of Directors had a resolution to approve sourcing land and building for the purpose to use as a single warehouse in the future. On October 4, 2018, the Company has entered into to buy/to sell land and building agreement at the amount of Baht 117.00 million and has deposited the amount of Baht 11.70 million. Therefore, the Company has the contractual obligations to pay in the future amounting to Baht 105.30 million. However, currently such land and building have two renters. The lease agreements end on March 15, 2019 and April 30, 2020. The Company will assume the right and the duty under the lease agreement as the lessor after the transfer of ownership of such land and building is completed. The transfer of ownership is scheduled by December 12, 2018.

According to the Board of Directors’ Meeting No. 5/2018 held on November 9, 2018, the Board of Directors had a resolution to approve entering into the to buy/to sell land and building agreement above.

## 22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on November 9, 2018.