

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2019**

## **INDEPENDENT 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 June 30, 2019 and the related statement of comprehensive income for the three-month and six-month periods ended June 30, 2019, changes in shareholders’ equity and cash flows for the six-month period then ended June 30, 2019, 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  
August 9, 2019

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2019**

**ASSETS**

		Baht	
		As at June	As at December
	Note	30, 2019	31, 2018
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		17,121,201	29,310,563
Temporary investments	5	132,485,475	167,434,994
Trade and other receivables	6	321,141,021	284,531,945
Current portion of finance lease receivables	7	10,675,608	11,793,435
Unbilled receivables		12,840,081	11,421,369
Inventories	8	292,903,994	304,439,304
Other current assets		675,248	478,604
<b>TOTAL CURRENT ASSETS</b>		<b>787,842,628</b>	<b>809,410,214</b>
<b>NON-CURRENT ASSETS</b>			
General investment		241,845	241,845
Long-term finance lease receivables	7	16,247,794	21,128,666
Investment property	9	230,900,481	231,818,176
Property and equipment	10	29,885,332	32,680,745
Goodwill	11	334,672,061	334,672,061
Customer relationship	12	65,791,598	73,180,908
Intangible assets	13	22,494,821	23,979,343
Other non-current assets		22,328,505	21,474,503
<b>TOTAL NON-CURRENT ASSETS</b>		<b>722,562,437</b>	<b>739,176,247</b>
<b>TOTAL ASSETS</b>		<b>1,510,405,065</b>	<b>1,548,586,461</b>

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT JUNE 30, 2019**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht	
		As at June 30, 2019	As at December 31, 2018
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	185,284,105	210,181,058
Income tax payable		18,786,157	16,064,280
Short-term provisions		7,286,446	384,041
Other current liabilities		8,402,700	6,271,500
<b>TOTAL CURRENT LIABILITIES</b>		<b>219,759,408</b>	<b>232,900,879</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		5,635,009	9,744,962
Employee's benefit obligations	15	21,003,702	16,670,899
Other non-current liabilities		22,332,595	22,064,273
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,971,306</b>	<b>48,480,134</b>
<b>TOTAL LIABILITIES</b>		<b>268,730,714</b>	<b>281,381,013</b>

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT JUNE 30, 2019**

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

	Baht	
	As at June	As at December
Note	30, 2019	31, 2018
<b>SHAREHOLDERS' EQUITY</b>		
Share capital		
Authorized share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250,000	292,250,000
Issued and paid-up share capital		
584,500,000 ordinary shares of Baht 0.50 each	292,250,000	292,250,000
Premium on ordinary shares	776,416,427	776,416,427
Retained earnings		
Appropriated		
Legal reserve	27,068,831	27,068,831
Unappropriated	145,939,093	171,470,190
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,241,674,351</b>	<b>1,267,205,448</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,510,405,065</b>	<b>1,548,586,461</b>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019**

		Baht	
	Note	2019	2018
Revenues			
Revenues from sales		295,896,843	319,329,326
Revenue from rendering of services		48,745,455	37,721,031
Other income		6,756,852	2,069,758
Total revenues		<u>351,399,150</u>	<u>359,120,115</u>
Expenses			
Cost of sales		197,648,986	212,297,822
Cost of rendering of services		40,963,189	34,298,420
Selling expenses		29,759,970	31,523,566
Administrative expenses		38,327,116	38,884,114
Finance costs		-	-
Total expenses		<u>306,699,261</u>	<u>317,003,922</u>
Profit before income tax expenses		44,699,889	42,116,193
Income tax expenses		8,908,413	8,333,995
Profit for the period		<u>35,791,476</u>	<u>33,782,198</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>35,791,476</u></u>	<u><u>33,782,198</u></u>
Earnings per share	18		
Basic earning per share (Baht per share)		<u>0.06</u>	<u>0.06</u>
Weighted average number of ordinary shares (shares)		<u>584,500,000</u>	<u>584,500,000</u>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (CONT.)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

		Baht	
	Note	2019	2018
Revenues			
Revenues from sales		599,866,775	600,233,124
Revenue from rendering of services		75,100,165	67,475,977
Other income		15,166,112	5,771,085
Total revenues		<u>690,133,052</u>	<u>673,480,186</u>
Expenses			
Cost of sales		406,232,390	402,948,072
Cost of rendering of services		68,452,951	61,425,816
Selling expenses		57,041,055	58,720,286
Administrative expenses		73,609,942	72,642,163
Finance costs		-	341
Total expenses		<u>605,336,338</u>	<u>595,736,678</u>
Profit before income tax expenses		84,796,714	77,743,508
Income tax expenses		16,807,875	15,354,854
Profit for the period		<u>67,988,839</u>	<u>62,388,654</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>67,988,839</u></u>	<u><u>62,388,654</u></u>
Earnings per share	18		
Basic earning per share (Baht per share)		<u>0.12</u>	<u>0.11</u>
Weighted average number of ordinary shares (shares)		<u>584,500,000</u>	<u>584,500,000</u>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

	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, 2018	292,250,000	776,416,427	20,350,894	125,659,317	1,214,676,638
Dividend	-	-	-	(81,829,944)	(81,829,944)
Total comprehensive income for the period	-	-	-	62,388,654	62,388,654
Ending balance as at June 30, 2018	<u>292,250,000</u>	<u>776,416,427</u>	<u>20,350,894</u>	<u>106,218,027</u>	<u>1,195,235,348</u>
Beginning balance as at January 1, 2019	292,250,000	776,416,427	27,068,831	171,470,190	1,267,205,448
Dividend	-	-	-	(93,519,936)	(93,519,936)
Total comprehensive income for the period	-	-	-	67,988,839	67,988,839
Ending balance as at June 30, 2019	<u>292,250,000</u>	<u>776,416,427</u>	<u>27,068,831</u>	<u>145,939,093</u>	<u>1,241,674,351</u>

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



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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

	Baht	
	2019	2018
Cash flows from operating activities		
Profit for the period	67,988,839	62,388,654
Adjustment to reconcile profit for the period to net cash provided by (used in) operating activities :		
Allowance for doubtful account (reversal)	2,291,928	2,167,999
Depreciation and amortization	8,525,901	8,077,430
Amortization of customer relationship	7,389,310	7,389,310
Loss on devaluation of inventories	3,409,482	3,675,293
(Gain) loss on disposals of fixed assets	72,612	(436,118)
Unrealized (gain) loss on exchange rate	207,918	(1,589,650)
(Gain) loss on disposals of investment	(568,480)	(1,019,271)
Unrealized (gain) loss on revaluation of temporary investments	(1,482,001)	2,693,468
Interest income	(44,954)	(46,455)
Employee's benefit expenses	4,961,804	886,453
Finance costs	-	341
Income tax expense	16,807,875	15,354,854
Profit from operating before changes in operating assets and liabilities	109,560,234	99,542,308
(Increase) decrease in operating assets		
Trade and other receivables	(38,898,894)	(53,448,030)
Finance lease receivables	5,998,699	(5,758,744)
Unbilled receivables	(1,418,713)	7,602,931
Inventories	4,956,771	(20,705,747)
Other current assets	(196,644)	536,519
Other non-current assets	(854,002)	(1,987,098)
Increase (decrease) in operating liabilities		
Trade and other payables	(25,486,695)	54,036,979
Short-term provisions	6,902,405	144,350
Other current liabilities	2,131,200	(575,009)
Employee's benefit obligations	(629,000)	-
Other non-current liabilities	268,322	2,041,238
Cash received (paid) from operating	62,333,683	81,429,697
Finance costs	-	(341)
Income tax paid	(18,195,951)	(20,189,108)
Net cash provided by (used in) operating activities	44,137,732	61,240,248

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONT.)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

	Baht	
	2019	2018
Cash flows from investing activities		
Cash payments for purchase of temporary investment	(112,000,000)	(214,000,000)
Cash receipts from redemption of temporary investments	149,000,000	230,402,141
Cash payments for purchase of equipment	(648,112)	(6,191,905)
Cash receipts from disposal of equipment	900,000	2,265,752
Cash payments for purchases of intangible assets	(104,000)	(3,872,185)
Interest received	44,954	46,455
Net cash provided by (used in) investing activities	<u>37,192,842</u>	<u>8,650,258</u>
Cash flows from financing activities		
Dividend paid	(93,519,936)	(81,829,944)
Net cash provided by (used in) financing activities	<u>(93,519,936)</u>	<u>(81,829,944)</u>
Net increase (decrease) in cash and cash equivalents	(12,189,362)	(11,939,438)
Cash and cash equivalents at beginning of period	<u>29,310,563</u>	<u>41,955,998</u>
Cash and cash equivalents at end of period	<u><u>17,121,201</u></u>	<u><u>30,016,560</u></u>
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 - beginning of period	426,371	4,045,277
Inventories transferred to fixed asset	(3,221,612)	(2,347,729)
<u>Add</u> Purchases of fixed assets and intangible assets	4,353,438	8,749,223
<u>Less</u> Cash payments	<u>(752,112)</u>	<u>(10,064,090)</u>
Liabilities incurred from acquisition of		
fixed assets and intangible assets - ending of period	<u><u>806,085</u></u>	<u><u>382,681</u></u>

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. GENERAL INFORMATION**

**(a) Legal status and address**

The Company was registered to be a limited company on May 9, 2001. The Company has changed its status to be public company limited for trading their shares on the Stock Exchange of Thailand on May 22, 2014.

The addresses of its registered head office are as follows:

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

**(b) Nature of the Company's operations**

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

**2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) 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, 2018.

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**

During the period, the Company has adopted the revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which is effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Companies' financial statements. However, the new standard involves changes to key principles, as summarized below.

### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are 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.

### 2.3 Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard and accounting guidance for financial instruments, which is effective for fiscal years beginning on or after January 1, 2020. Key principles of these standards are summarized below.

#### **The accounting guidance for financial instruments and Presentation for Insurance business**

Accounting practice was adjusted to have close content with TFRS 9 by dividing into 4 parts as follows:

1. The recognition of transaction and valuation of financial instrument which is developed closely to the accounting standards No.105 (revised 2016) regarding accounting for investment in debt securities and equity securities and financial reporting standards No.9 financial instrument.
2. Impairment of financial asset which has content close to the financial reporting standard No.9 re: financial instruments
3. Accounting to prevent risk with content close to the financial reporting standard No.9 regarding financial instrument.
4. Information disclosure of financial instrument with content similar to the financial reporting standard No.7 disclosure of financial instrument information.

### **TFRS 16 Leases**

As the lease is significant transaction in many business in many industries. It's significant that user of financial statement should receive information on activity of the lease completely and able to compare which the former accounting method for lease agreement under accounting standard No.17 regarding lease agreement require the lessee and lessor to classify lease agreement as financial lease or operating lease and record the account for both lease agreement differently. Such accounting method can't respond to the needs of the financial statement users as the accounting method does not objectively represent for the lease transaction in every case. For the lessee to recognize assets and liabilities that arise from operating lease which affects the lease

agreement to be recognized as asset and liabilities in the statement of financial position. The use of asset and commitment that arises from the lease agreement under the definition of asset and liabilities affect the significant financial ratio to be distorted. New accounting method under the financial reporting standards No.16 lease agreement requires the lessee to recognize the right to use asset as asset in the financial statements and recognize commitment that arises from lease agreement in the financial statements. Such accounting method affects the asset presentation and liabilities of the lessee as objective representation as well as increase the disclosure of information that reflects the financial risk and capital money of the lessee.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

### 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, 2018.

### 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:

<u>Company/Person name</u>	<u>Country/ Nationality</u>	<u>Related</u>	<u>Relationship</u>
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 Charnnarong	Thai	Related person	Shareholder and close member of the director's family
Mrs. Sirima Iamsakulrat	Thai	Related person	Shareholder and close member of the director's family
Key management personnel	Thai	Related person	Authorized person and responsible in management

Bases of measurement for intercompany revenues and expenses

	<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

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Significant agreements with related parties

The Company entered into office building rental agreement as follows:

	As at June 30, 2019		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Mr. Jain Charnnarong	3 year	53,100
	Harn Engineering Co., Ltd.	3 year	498,996
Warehouse rental agreement	Phraboriban Co., Ltd.	3 year	280,900

Balances with the related parties as at June 30, 2019 and December 31, 2018 consisted of:

	Baht	
	As at June 30, 2019	As at December 31, 2018
Trade and other receivables		
Harn Engineering Co., Ltd.	1,852,022	2,336,218

Transactions for the three-month and six-month periods ended June 30, 2019 and 2018 with related parties were summarized as follows:

	Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	2019	2018
Purchase of equipment				
Harn Engineering Co., Ltd.	-	-	-	284,673
Office rental and service expenses				
Harn Engineering Co., Ltd.	1,496,988	1,496,988	2,993,976	2,993,976
Mr. Jain Charnnarong	159,300	159,300	318,600	318,600
	1,656,288	1,656,288	3,312,576	3,312,576
Warehouse rental expenses				
Mrs. Sirima Iamsakulrat	-	842,700	-	1,685,400
Phraboriban Co., Ltd.	842,700	-	1,685,400	-
	842,700	842,700	1,685,400	1,685,400
Directors remuneration				
Directors remuneration	920,000	880,000	1,985,000	1,935,000
Management benefit expenses				
Shot-term employee's benefits	2,689,125	3,069,189	5,770,230	6,046,017
Post-employment benefits	87,282	106,740	195,772	212,315
	3,696,407	4,055,929	7,951,002	8,193,332

## 5. TEMPORARY INVESTMENTS

Temporary investments were consisted of:

	Baht		
	As at June 30, 2019		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Trading securities			
- Investment units	130,894,927	1,590,548	132,485,475
- Investments in listed securities	2,989	-	2,989
<u>Less</u> Allowance for diminution in value of investment	(2,989)	-	(2,989)
Total	<u>130,894,927</u>	<u>1,590,548</u>	<u>132,485,475</u>

  

	Baht		
	As at December 31, 2018		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Trading securities			
- Investment units	167,326,447	108,547	167,434,994
- Investments in listed securities	2,989	-	2,989
<u>Less</u> Allowance for diminution in value of investment	(2,989)	-	(2,989)
Total	<u>167,326,447</u>	<u>108,547</u>	<u>167,434,994</u>

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables were consisted of:

	Baht	
	As at June 30, 2019	As at December 31, 2018
Trade receivable		
Trade receivables - other companies	304,720,126	263,108,696
<u>Less</u> Allowance for doubtful accounts	(7,766,941)	(5,475,013)
Net	<u>296,953,185</u>	<u>257,633,683</u>
Other receivables		
Other receivables - related parties	1,852,022	2,336,218
Other receivables - other companies	583,713	1,157,930
Accrued retentions	9,826,430	9,457,971
Deposit of inventories	6,459,104	9,595,215
Prepaid expenses	4,940,941	3,677,167
Accrued income	525,626	673,761
Total other receivables	<u>24,187,836</u>	<u>26,898,262</u>
Total trade and other receivables	<u>321,141,021</u>	<u>284,531,945</u>

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Trade receivables are classified by aging as follows:

	Baht	
	As at June 30, 2019	As at December 31, 2018
Current	167,935,573	171,737,088
Overdue		
Less than 3 months	123,084,440	81,579,532
Over 3 months up to 6 months	4,888,806	5,357,886
Over 6 months up to 12 months	5,214,757	804,084
Over 12 months	3,596,550	3,630,106
Total	304,720,126	263,108,696
<u>Less</u> Allowance for doubtful account	(7,766,941)	(5,475,013)
Trade receivables, net	<u>296,953,185</u>	<u>257,633,683</u>

#### 7. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of:

	Baht	
	As at June 30, 2019	As at December 31, 2018
Finance lease receivables - printing devices	26,923,402	32,922,101
<u>Less</u> Current portion	(10,675,608)	(11,793,435)
Long-term finance lease receivables	<u>16,247,794</u>	<u>21,128,666</u>

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at June 30, 2019 and December 31, 2018, are as follows:

	Baht			
	As at June 30, 2019		As at December 31, 2018	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	14,703,940	10,675,608	16,521,656	11,793,435
Over 1 year but less than 5 years	24,414,618	16,247,794	30,963,874	21,128,666
	39,118,558	26,923,402	47,485,530	32,922,101
<u>Less</u> Deferred interest	(12,195,156)	-	(14,563,429)	-
	<u>26,923,402</u>	<u>26,923,402</u>	<u>32,922,101</u>	<u>32,922,101</u>



8. INVENTORIES

Inventories were consisted of :

	Baht	
	As at June 30, 2019	As at December 31, 2018
Finished goods	258,098,552	261,955,093
Goods in transit	54,352,224	58,621,511
Total	312,450,776	320,576,604
<u>Less Allowance for loss on devaluation of inventories</u>	<u>(19,546,782)</u>	<u>(16,137,300)</u>
Net	<u>292,903,994</u>	<u>304,439,304</u>

Decline in value of inventory recognized as cost of goods sold for the three-month and six-month periods ended June 30, 2019 were Baht 1.71 million and Baht 3.41 million, respectively.

9. INVESTMENT PROPERTY

Changes in the investment property for the six-month period ended June 30, 2019 were summarized as follows:

	Baht
<u>Cost</u>	
Balance as at December 31, 2018	231,950,000
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2019	<u>231,950,000</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2018	(131,824)
Depreciation for the period	(917,695)
Accumulated depreciation on disposals and write-off	-
Balance as at June 30, 2019	<u>(1,049,519)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>231,818,176</u>
Balance as at June 30, 2019	<u>230,900,481</u>

For the three-month and six-month periods ended June 30, 2019, the Company had rental income from investment property in the amount of Baht 2.84 million and Baht 5.62 million and operating expenses in the amount of Baht 0.54 million and Baht 1.08 million, respectively, which was recognized in the statement of comprehensive income.

## 10. PROPERTY, AND EQUIPMENT

Changes in the property, and equipment for the six-month period ended June 30, 2019 were summarized as follows:

	<u>Baht</u>
<u>Cost</u>	
Balance as at December 31, 2018	92,959,148
Acquisitions during the period	3,673,738
Disposals and write-off during the period	<u>(1,681,146)</u>
Balance as at June 30, 2019	<u>94,951,740</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2018	(60,278,403)
Depreciation for the period	(5,443,984)
Accumulated depreciation on disposals and write-off	<u>655,979</u>
Balance as at June 30, 2019	<u>(65,066,408)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>32,680,745</u>
Balance as at June 30, 2019	<u>29,885,332</u>

As at June 30, 2019 and December 31, 2018, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 33.44 million and Baht 27.69 million, respectively.

## 11. GOODWILL

On November 29, 2016, two subsidiaries 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 six-month period ended June 30, 2019 were summarized as follows:

	<u>Baht</u>
<u>At cost</u>	
Balance as at December 31, 2018	104,307,663
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2019	<u>104,307,663</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2018	(31,126,755)
Amortization for the period	(7,389,310)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2019	<u>(38,516,065)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>73,180,908</u>
Balance as at June 30, 2019	<u><u>65,791,598</u></u>

## 13. INTANGIBLE ASSETS

Changes in intangible assets for the six-month period ended June 30, 2019 were summarized as follows:

	<u>Baht</u>
<u>At cost</u>	
Balance as at December 31, 2018	37,675,664
Acquisitions during the period	679,700
Disposals and write-off during the period	-
Balance as at June 30, 2019	<u>38,355,364</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2018	(13,696,321)
Amortization for the period	(2,164,222)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2019	<u>(15,860,543)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>23,979,343</u>
Balance as at June 30, 2019	<u><u>22,494,821</u></u>

As at June 30, 2019 and December 31, 2018, the Company had intangible assets, which were fully amortized but still in use with the cost price of Baht 1.25 million and Baht 1.05 million, respectively.

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14. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of :

	Baht	
	As at June 30, 2019	As at December 31, 2018
Trade payables		
Trade payables - other companies	114,951,360	128,374,706
Other payables		
Other payables	7,058,254	6,363,099
Accrued commission expenses	15,275,366	15,545,412
Accrued bonus	9,821,574	17,851,309
Advance from customers for goods and services	25,235,997	29,354,624
Accrued expenses	7,826,756	7,239,383
Other	5,114,798	5,452,525
Total	70,332,745	81,806,352
Total trade and other payables	185,284,105	210,181,058

15. EMPLOYEE’S BENEFIT OBLIGATIONS

Movements of employee’s benefit obligations for the six-month period ended June 30, 2019 and for the year ended December 31, 2018 as follows:

	Baht	
	As at June 30, 2019 (For the six-month)	As at December 31, 2018 (For the year)
Beginning balance defined benefit obligations	16,670,899	14,897,993
Current service costs and interest	1,061,539	1,772,906
Past service costs and interest		
-change a post-employment plan amendment	3,900,264	-
Benefits paid by the plan	(629,000)	-
Ending balance defined benefit obligations	21,003,702	16,670,899

Expense recognized in statements of comprehensive income for the three-month and six-month periods ended June 30, 2019 and 2018, as follows:

	Baht			
	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2019	2018	2019	2018
Past service costs	3,900,264	-	3,900,264	-
Current service costs				
Cost of sale and rendering of services	57,057	51,854	114,114	103,710
Selling expenses	136,062	119,717	272,124	239,434
Administrative expenses	200,713	168,284	401,425	336,569
Total	393,832	339,855	787,663	679,713
Interest on obligation	136,938	103,370	273,876	206,740
Total	530,770	443,225	1,061,539	886,453
Total	<u>4,431,034</u>	<u>443,225</u>	<u>4,961,803</u>	<u>886,453</u>

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The Company recognized the increase in the employee benefit obligations approximately Baht 3.90 million, resulting in the decrease in profit approximately Baht 3.90 million in profit or loss for the three-month and six-month periods ended June 30, 2019.

#### 16. APPROPRIATION OF RETAINED EARNINGS

According to the Annual General Meeting of Shareholders No. 1/2019, held on April 26, 2019, the shareholders approved the appropriation of legal reserve at 5% of annual net profit in the amount of Baht 6.72 million and approve the dividend payment at the rate of 0.16 baht per share for the issued and paid-up shares of 584,500,000 shares, amounting to Baht 93.52 million. The dividend was paid on May 17, 2019.

17. OPERATING SEGMENT

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

The Company comprises the following main business segments:

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

Operating segment by business in the statement of comprehensive income for the three-month periods ended June 30, 2019 and 2018 were as follows:

	Thousand Baht									
	For the three-month period ended June 30,									
	2019					2018				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	136,301	19,719	54,956	84,921	295,897	114,854	20,751	88,863	94,861	319,329
Revenue from rendering of services	39,953	-	-	8,792	48,745	28,734	-	-	8,988	37,722
Cost of sale of goods	(99,550)	(14,406)	(36,766)	(46,927)	(197,649)	(80,355)	(15,507)	(61,017)	(55,419)	(212,298)
Cost of rendering of services	(32,759)	-	-	(8,204)	(40,963)	(27,052)	-	-	(7,247)	(34,299)
Gross profit	<u>43,945</u>	<u>5,313</u>	<u>18,190</u>	<u>38,582</u>	106,030	<u>36,181</u>	<u>5,244</u>	<u>27,846</u>	<u>41,183</u>	110,454
Other income					6,757					2,070
Selling expenses					(29,760)					(31,523)
Administrative expenses					(38,327)					(38,884)
Finance cost					-					-
Profit before income tax expense					44,700					42,117
Income tax expense					(8,909)					(8,334)
Profit for the periods					35,791					33,783
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>35,791</u>					<u>33,783</u>

Operating segment by business in the statement of comprehensive income for the six-month periods ended June 30, 2019 and 2018 were as follows:

	Thousand Baht									
	For the six-month period ended June 30,									
	2019					2018				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	252,315	43,713	127,920	175,919	599,867	225,360	42,642	165,345	166,886	600,233
Revenue from rendering of services	59,136	-	-	15,964	75,100	52,148	-	-	15,328	67,476
Cost of sale of goods	(184,170)	(32,193)	(86,222)	(103,647)	(406,232)	(159,900)	(31,984)	(112,625)	(98,439)	(402,948)
Cost of rendering of services	(52,566)	-	-	(15,887)	(68,453)	(46,981)	-	-	(14,445)	(61,426)
Gross profit	<u>74,715</u>	<u>11,520</u>	<u>41,698</u>	<u>72,349</u>	200,282	<u>70,627</u>	<u>10,658</u>	<u>52,720</u>	<u>69,330</u>	203,335
Other income					15,166					5,771

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	Thousand Baht									
	For the six-month period ended June 30,									
	2019					2018				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Selling expenses					(57,041)					(58,720)
Administrative expenses					(73,610)					(72,642)
Finance cost					-					-
Profit before income tax expense					84,797					77,744
Income tax expense					(16,808)					(15,355)
Profit for the periods					67,989					62,389
Other comprehensive income					-					-
Total comprehensive income for the periods					67,989					62,389

Operating segment by business in the statement of financial position as at June 30, 2019 and December 31, 2018 were as follows:

	Thousand Baht									
	As at June 30, 2019					As at December 31, 2018				
	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	169,860	29,692	47,002	58,166	304,720	117,937	21,920	64,915	58,337	263,109
Inventories	139,449	15,232	62,362	75,861	292,904	150,573	11,879	72,802	69,185	304,439
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	47,519	18,273	65,792	-	-	52,858	20,322	73,180
Assets under common use										
- Investment property	-	-	-	-	230,900	-	-	-	-	231,818
- Plant and equipment	-	-	-	-	29,885	-	-	-	-	32,681
- Intangible assets	-	-	-	-	22,495	-	-	-	-	23,979
- Others	-	-	-	-	229,037	-	-	-	-	284,708
Total assets for reportable segments	309,309	44,924	356,949	286,906	1,510,405	268,510	33,799	390,641	282,450	1,548,586
Total liabilities for reportable segments	-	-	-	-	268,731	-	-	-	-	281,381

## 18. 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 ended		For the six-month periods ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Profit for the periods (Baht)	35,791,476	33,782,198	67,988,839	62,388,654
Weighted average number of ordinary shares (Shares)	584,500,000	584,500,000	584,500,000	584,500,000
Basic earnings per share (Baht per share)	0.06	0.06	0.12	0.11

## 19. COMMITMENTS AND CONTINGENT LIABILITIES

As at June 30, 2019 and December 31, 2018, the Company had commitments and contingent liabilities as follows:

19.1 As at June 30, 2019 and December 31, 2018, the Company has letters of guarantee issued by banks for goods and work under system installation service agreement in the amount of Baht 30.41 million and Baht 21.86 million, respectively.

19.2 The credit facilities with financial institutions as at June 30, 2019 and December 31, 2018 consisted of:

Type of credit	Facilities (Million Baht)		Referred interest rate (% per annum)	
	As at June	As at December	As at June	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Bank overdrafts	11.00	11.00	MOR	MOR
Letter of credit/trust receipt	160.00	160.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	54.00	54.00	1.65 - 2%	1.65 - 2%
Forward exchange contracts	562.39	562.39		
Promissory notes	5.00	5.00	MLR	MLR
Total	792.39	792.39		
Forward foreign exchange contracts (Million US dollars)	7.00	3.00		

19.3 Minimum lease and service payments are as follows:

Payment periods	Million Baht	
	As at June	As at December
	30, 2019	31, 2018
Due not later than 1 year	8.47	11.92
Due later than 1 year but not later than 5 years	6.79	1.57

Rental and service expenses for the six-month period ended June 30, 2019 and 2018 are Baht 7.03 million and Baht 7.01 million, respectively.



## 20. 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 June 30, 2019 and December 31, 2018, 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:

	Baht			
	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	132,485,475	-	132,485,475
Foreign currency forward contracts	-	(1,812,944)	-	(1,812,944)
	Baht			
	As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	167,434,994	-	167,434,994
Foreign currency forward contracts	-	(1,677,459)	-	(1,677,459)

### 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 June 30, 2019 and December 31, 2018.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	As at June 30, 2019	As at December 31, 2018		
<u>Financial asset(liabilities)</u>				
1. Foreign currency forward contracts	(1,812,944)	(1,677,459)	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.

## 21. ESTABLISHMENT OF A SUBSIDIARY IN VIETNAM

According to the resolution of the Board of Directors Meeting No. 5/2018 on November 9, 2018, the Board of Directors approved the registration of the establishment of a company in Vietnam with registered capital of Vietnamese Dong 800 million (or approximately Baht 1.14 million). The company holds 100% of the shares, then after investment, such company will be a subsidiary of the Company. The objective of this investment is to increase competitiveness and increase efficiency in customer service, by starting from the business unit "Digital Printing System".

According to the resolution of the Board of Directors' Meeting No. 1/2562 on February 28, 2019, the Board of Directors approved the increase of the registered capital of the subsidiary from Vietnamese Dong 800 million to Vietnamese Dong not over 2,400 million in order to be sufficient for the operation and support for working capital. However, the total amount when combined with the registered capital will not exceed Baht 4.5 million.

Presently, the company is registering for a trade license operate business and open overseas bank account (Offshore Account) in the name of the Company for spending a expense of the registration, lawyer fee and office expenses to be the contribution capital.

22. RECLASSIFICATIONS

Certain reclassifications have been made in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2018 to conform to the classifications used in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2019 as follows:

	Baht		
	For the three-month period ended June 30, 2018		
	As previously reported	Increase (decrease)	As reclassified
Revenues from sales	309,689,534	9,639,792	319,329,326
Revenue from rendering of services	47,360,823	(9,639,792)	37,721,031
Cost of rendering of services	36,747,255	(2,448,835)	34,298,420
Selling expenses	29,074,731	2,448,835	31,523,566

	Baht		
	For the six-month period ended June 30, 2018		
	As previously reported	Increase (decrease)	As reclassified
Revenues from sales	590,337,165	9,895,959	600,233,124
Revenue from rendering of services	77,371,936	(9,895,959)	67,475,977
Cost of rendering of services	66,353,401	(4,927,585)	61,425,816
Selling expenses	53,792,701	4,927,585	58,720,286

23. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on August 9, 2019.