

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SRSIDIARY**

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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 consolidated statement of financial position of Harn Engineering Solutions Public Company Limited and its subsidiary as at September 30, 2019 and the related consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019, changes in shareholders’ equity and cash flows for the nine-month period then ended and the condensed consolidated notes to financial statements and have reviewed the separate financial information of Harn Engineering Solutions Public Company Limited as well. 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 13, 2019

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**"REVIEWED"**

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

		<u>ASSETS</u>		
		Baht		
		Consolidated	Separate financial statements	
		financial		
		statements		
		As at September	As at September	As at December
		30, 2019	30, 2019	31, 2018
CURRENT ASSETS	Note			
Cash and cash equivalents		79,128,906	78,250,089	29,310,563
Temporary investments	5	124,103,579	124,103,579	167,434,994
Trade and other receivables	6	284,414,483	284,414,483	284,531,945
Current portion of finance lease receivables	7	9,460,011	9,460,011	11,793,435
Unbilled receivables		9,247,876	9,247,876	11,421,369
Inventories	8	301,635,171	301,635,171	304,439,304
Other current assets		305,560	305,560	478,604
TOTAL CURRENT ASSETS		<u>808,295,586</u>	<u>807,416,769</u>	<u>809,410,214</u>
NON-CURRENT ASSETS				
General investment		241,845	241,845	241,845
Long-term finance lease receivables	7	15,426,259	15,426,259	21,128,666
Investment in subsidiary	9	-	1,057,444	-
Investment property	10	230,434,029	230,434,029	231,818,176
Property and equipment	11	28,657,685	28,657,685	32,680,745
Goodwill	12	334,672,061	334,672,061	334,672,061
Customer relationship	13	62,035,705	62,035,705	73,180,908
Intangible assets	14	21,554,463	21,554,463	23,979,343
Other non-current assets		22,890,017	22,890,017	21,474,503
TOTAL NON-CURRENT ASSETS		<u>715,912,064</u>	<u>716,969,508</u>	<u>739,176,247</u>
TOTAL ASSETS		<u><u>1,524,207,650</u></u>	<u><u>1,524,386,277</u></u>	<u><u>1,548,586,461</u></u>

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

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

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Baht		
		Consolidated financial statements	Separate financial statements	
		As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
	Note			
<b>CURRENT LIABILITIES</b>				
Trade and other payables	15	179,891,105	179,891,105	210,181,058
Income tax payable		8,930,300	8,930,300	16,064,280
Short-term provisions		1,019,161	1,019,161	384,041
Other current liabilities		7,517,423	7,517,423	6,271,500
<b>TOTAL CURRENT LIABILITIES</b>		<b>197,357,989</b>	<b>197,357,989</b>	<b>232,900,879</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities		4,526,482	4,526,482	9,744,962
Employee's benefit obligations	16	21,534,471	21,534,471	16,670,899
Other non-current liabilities		22,854,375	22,854,375	22,064,273
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,915,328</b>	<b>48,915,328</b>	<b>48,480,134</b>
<b>TOTAL LIABILITIES</b>		<b>246,273,317</b>	<b>246,273,317</b>	<b>281,381,013</b>

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

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

		Baht		
		Consolidated financial statements	Separate financial statements	
		As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
	Note			
<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	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	292,250,000
Premium on ordinary shares		776,416,427	776,416,427	776,416,427
Retained earnings				
Appropriated				
Legal reserve		27,068,831	27,068,831	27,068,831
Unappropriated		182,205,632	182,377,702	171,470,190
Other components of equity		(6,557)	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,277,934,333</b>	<b>1,278,112,960</b>	<b>1,267,205,448</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,524,207,650</b>	<b>1,524,386,277</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 AND ITS SUBSIDIARY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

	Note	Baht		
		Consolidated	Separate financial statements	
		financial statements	2019	2018
Revenues		2019	2019	2018
Revenues from sales		291,570,263	291,570,263	301,714,452
Revenue from rendering of services		31,834,106	31,834,106	44,771,422
Other income		5,993,334	5,993,334	1,375,747
Total revenues		<u>329,397,703</u>	<u>329,397,703</u>	<u>347,861,621</u>
Expenses				
Cost of sales		193,892,208	193,892,208	204,814,275
Cost of rendering of services		27,901,108	27,901,108	37,326,529
Selling expenses		29,253,386	29,253,386	29,594,680
Administrative expenses		33,031,648	32,859,578	30,578,654
Finance cost		-	-	-
Total expenses		<u>284,078,350</u>	<u>283,906,280</u>	<u>302,314,138</u>
Profit before income tax expenses		45,319,353	45,491,423	45,547,483
Income tax expenses		9,052,814	9,052,814	9,019,057
Profit for the period		<u>36,266,539</u>	<u>36,438,609</u>	<u>36,528,426</u>
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences of the financial				
statement of foreign subsidiary		(6,557)	-	-
		<u>(6,557)</u>	<u>-</u>	<u>-</u>
Other comprehensive income (expense) for the period,				
net of tax		(6,557)	-	-
Total comprehensive income for the period		<u>36,259,982</u>	<u>36,438,609</u>	<u>36,528,426</u>
Basic earnings per share	19			
Profit attributable to owners of the parent		0.06	0.06	0.06
Weighted average number of ordinary shares (shares)		<u>584,500,000</u>	<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 AND ITS SUBSIDIARY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

	Note	Baht	
		Consolidated	Separate financial statements
		financial statements 2019	2019 2018
Revenues			
Revenues from sales		891,437,038	901,947,576
Revenue from rendering of services		106,934,271	112,247,399
Other income		21,159,446	7,146,832
Total revenues		<u>1,019,530,755</u>	<u>1,021,341,807</u>
Expenses			
Cost of sales		600,124,598	607,762,347
Cost of rendering of services		96,354,059	98,752,345
Selling expenses		86,294,441	88,314,966
Administrative expenses		106,641,590	103,220,817
Finance cost		-	341
Total expenses		<u>889,414,688</u>	<u>898,050,816</u>
Profit before income tax expenses		130,116,067	123,290,991
Income tax expenses		25,860,689	24,373,911
Profit for the period		<u>104,255,378</u>	<u>98,917,080</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences of the financial			
statement of foreign subsidiary		(6,557)	-
		<u>(6,557)</u>	<u>-</u>
Other comprehensive income (expense) for the period,			
net of tax		(6,557)	-
Total comprehensive income for the period		<u>104,248,821</u>	<u>98,917,080</u>
Basic earnings per share	19		
Profit attributable to owners of the parent		0.18	0.17
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 AND ITS SUBSIDIARY**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

		Baht					
		Consolidated financial statements					
		Issued and	Premium	Retained earnings		Other components	Total
		paid-up	on			of equity	shareholders'
		share capital	ordinary shares	Appropriated	Unappropriated	Currency translation	equity
				legal reserve		differences of the	
						financial statements	
						of foreign subsidiary	
	Note						
Beginning balance as at January 1, 2019		292,250,000	776,416,427	27,068,831	171,470,190	-	1,267,205,448
Dividend	17	-	-	-	(93,519,936)	-	(93,519,936)
Total comprehensive income for the period							
Profit for the period		-	-	-	104,255,378	-	104,255,378
Other comprehensive income (expense) for the period							
Exchange difference on translating financial statements		-	-	-	-	(6,557)	(6,557)
Ending balance as at September 30, 2019		292,250,000	776,416,427	27,068,831	182,205,632	(6,557)	1,277,934,333

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



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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

		Baht				
		Separate financial statements				
		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					
	Profit for the period	-	-	-	98,917,080	98,917,080
	Ending balance as at September 30, 2018	<u>292,250,000</u>	<u>776,416,427</u>	<u>20,350,894</u>	<u>142,746,453</u>	<u>1,231,763,774</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					
	Profit for the period	-	-	-	104,427,448	104,427,448
	Ending balance as at September 30, 2019	<u>292,250,000</u>	<u>776,416,427</u>	<u>27,068,831</u>	<u>182,377,702</u>	<u>1,278,112,960</u>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

	Baht		
	Consolidated	Separate financial statements	
	financial statements	2019	2018
Cash flows from operating activities			
Profit for the period	104,255,378	104,427,448	98,917,080
Adjustment to reconcile profit for the period to net cash provided by (used in) operating activities :			
Allowance for doubtful account (reversal)	1,884,679	1,884,679	2,585,707
Depreciation and amortization	12,632,155	12,632,155	12,227,264
Amortization of customer relationship	11,145,203	11,145,203	11,145,202
Loss on devaluation of inventories	5,114,223	5,114,223	5,286,770
(Gain) loss on disposals of fixed assets	(192,119)	(192,119)	(161,551)
Unrealized (gain) loss on exchange rate	196,256	196,256	(4,685)
(Gain) loss on disposals of investment	(902,711)	(902,711)	(887,461)
Unrealized (gain) loss on revaluation of temporary investments	(1,467,467)	(1,467,467)	458,436
Interest income	(90,488)	(90,488)	(49,253)
Employee's benefit expenses	5,492,573	5,492,573	1,329,679
Finance cost	-	-	341
Income tax expense	25,860,689	25,860,689	24,373,911
Profit from operating before changes in operating assets and liabilities	163,928,371	164,100,441	155,221,440
(Increase) decrease in operating assets			
Trade and other receivables	(1,753,373)	(1,753,373)	(1,671,081)
Finance lease receivables	8,035,831	8,035,831	(3,480,881)
Unbilled receivables	2,173,492	2,173,492	(6,046,885)
Inventories	(5,783,777)	(5,783,777)	(5,258,479)
Other current assets	173,044	173,044	443,138
Other non-current assets	(1,415,514)	(1,415,514)	(3,032,032)

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS (CONT.)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

	Baht		
	Consolidated	Separate financial statements	
	financial statements	2019	2018
Increase (decrease) in operating liabilities			
Trade and other payables	(31,401,689)	(31,401,689)	(5,287,470)
Short-term provisions	635,120	635,120	437,518
Other current liabilities	1,245,923	1,245,923	(700,609)
Employee's benefit obligations	(629,000)	(629,000)	-
Other non-current liabilities	790,102	790,102	3,105,170
Cash generated (paid) from operating	135,998,530	136,170,600	133,729,829
Interest paid	-	-	(341)
Income tax paid	(38,213,150)	(38,213,150)	(37,216,202)
Net cash provided by (used in) operating activities	97,785,380	97,957,450	96,513,286
Cash flows from investing activities			
Cash payments for purchase of temporary investments	(184,555,615)	(184,555,615)	(285,470,448)
Cash receipts from redemption of temporary investments	230,299,806	230,299,806	260,872,589
Cash payment for acquisition of investment in subsidiary	-	(1,057,444)	-
Cash payments for acquisition of equipment	(1,069,875)	(1,069,875)	(7,051,101)
Cash receipts from disposal of equipment	1,184,202	1,184,202	2,726,191
Cash payments for purchases of intangible assets	(346,953)	(346,953)	(4,099,306)
Interest received	47,891	47,891	49,253
Net cash provided by (used in) investing activities	45,559,456	44,502,012	(32,972,822)
Cash flows from financing activities			
Dividend paid	(93,519,936)	(93,519,936)	(81,829,944)
Net cash provided by (used in) financing activities	(93,519,936)	(93,519,936)	(81,829,944)

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**"REVIEWED"**

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS (CONT.)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

	Baht		
	Consolidated	Separate financial statements	
	financial statements	2019	2018
Net increase (decrease) in cash and cash equivalents	49,824,900	48,939,526	(18,289,480)
Cash and cash equivalents at beginning of period	29,310,563	29,310,563	41,955,998
Effect of translation adjustment on foreign currency financial statements	(6,557)	-	-
Cash and cash equivalents at end of period	<u>79,128,906</u>	<u>78,250,089</u>	<u>23,666,518</u>

Supplementally disclosures of cash flows information :

Non-Cash transaction

Liabilities incurred from acquisition of fixed assets and intangible assets

Liabilities incurred from acquisition of fixed assets

and intangible assets - beginning of period	426,371	426,371	4,045,277
Inventories transferred to fixed asset	(3,537,825)	(3,537,825)	(3,175,581)
<u>Add</u> Purchases of fixed assets and intangible assets	5,856,289	5,856,289	10,686,753
<u>Less</u> Cash payments	(1,416,828)	(1,416,828)	(11,150,407)
Liabilities incurred from acquisition of fixed assets and intangible assets - ending of period	<u>1,328,007</u>	<u>1,328,007</u>	<u>406,042</u>

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

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SURSIDIARY**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

1. GENERAL INFORMATION

(a) Legal status and address of the company group

Company

The Company was registered to be a limited company with the Ministry of Commerce 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 address of its registered head office are as follows:

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

Subsidiary

Harn Vietnam Company Limited “subsidiary” is a company established in Vietnam on July 30, 2019.

The address of the subsidiary’s head office is as follows:

5<sup>th</sup> floor, Vietcomreal Building, 68 Nguyen Hue, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

(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.

The subsidiary’s principal business is sale 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 Basis for the preparation of consolidated financial statements

2.2.1 The consolidated financial statements have included the financial statements of Harn Engineering Solutions Public Company Limited and its subsidiary as follows;

Company name	Type of business	Percentage of shareholding % of share capital		Country of establishment
		As at September 30, 2019		
<b>Direct shareholding</b>				
Harn Vietnam Co., Ltd.	Printing equipment	100.00		Vietnam

The Company had purchased the investment in Harn Vietnam Co., Ltd. at 100% of total number of shared issued from such company and the Company has consolidated the financial statements in the preparation of consolidated financial statements of the group of the company from July 30, 2019, onwards.

2.2.2 The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

2.2.3 Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

2.2.4 The financial statements of an overseas subsidiary is translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of “Currency translation changes of the financial statements of foreign entity” in shareholders’ equity.

2.2.5 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

2.2.5 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

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

During the period, the Company and its subsidiary have 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 Company’s and its subsidiary’s 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.

#### 2.4 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 and its subsidiaries are evaluating the impact of this standard to the financial statements in the year when it is adopted.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Company and its subsidiary 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, except for the accounting policies that have the significant change as follows:

#### Investments in subsidiary

Subsidiary is a company in which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Investment in subsidiary is stated at cost net from allowance on impairment (if any). Loss on impairment of investment will be recognized as loss in the statement of comprehensive income.

### 4. RELATED PARTY TRANSACTIONS

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

Types of relationship of related parties were as follows:

Company/Person name	Country/ Nationality	Related	Relationship
Harn Vietnam Co., Ltd.	Vietnam	Subsidiary	Major shareholder
Harn Engineering Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Phraboriban Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders
Throughwave (Thailand) Co.,Ltd.	Thailand	Related company	Close members of the director’s family
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

Significant agreements with related parties

The Company entered into office building rental agreement as follows:

	<u>As at September 30, 2019</u>		
	<u>Lessor</u>	<u>Period</u>	<u>Rate per month (Baht)</u>
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 September 30, 2019 and December 31, 2018 consisted of:

	<u>Baht</u>		
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>	
	<u>As at September 30, 2019</u>	<u>As at September 30, 2019</u>	<u>As at December 31, 2018</u>
Trade and other receivables			
Related company			
Harn Engineering Co., Ltd.	1,852,022	1,852,022	2,336,218

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

	Baht					
	Consolidated financial statements		Separate financial statements			
	For the three-month periods ended September 30,	For the nine-month periods ended September 30,	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2019	2019	2019	2018	2019	2018
Purchase of equipment						
Related company						
Harn Engineering Co., Ltd.	-	-	-	-	-	284,673
Throughwave (Thailand) Co., Ltd.	484,000	484,000	484,000	-	484,000	-
	<u>484,000</u>	<u>484,000</u>	<u>484,000</u>	<u>-</u>	<u>484,000</u>	<u>284,673</u>
Office rental and service expenses						
Related company						
Harn Engineering Co., Ltd.	1,496,988	4,490,964	1,496,988	1,496,988	4,490,964	4,490,964
Related person						
Mr. Jain Charnnarong	159,300	477,900	159,300	159,300	477,900	477,900
	<u>1,656,288</u>	<u>4,968,864</u>	<u>1,656,288</u>	<u>1,656,288</u>	<u>4,968,864</u>	<u>4,968,864</u>
Warehouse rental expenses						
Related company						
Phraboriban Co., Ltd.	842,700	2,528,100	842,700	561,800	2,528,100	561,800
Related person						
Mrs. Sirima Iamsakulrat	-	-	-	280,900	-	1,966,300
	<u>842,700</u>	<u>2,528,100</u>	<u>842,700</u>	<u>842,700</u>	<u>2,528,100</u>	<u>2,528,100</u>
Directors remuneration						
Directors remuneration	1,010,000	2,995,000	1,010,000	970,000	2,995,000	2,905,000
Management benefit expenses						
Short-term employee's benefits	2,414,685	8,184,915	2,414,685	3,102,256	8,184,915	9,148,273
Post-employment benefits	73,560	269,332	73,560	106,740	269,332	319,055
	<u>3,498,245</u>	<u>11,449,247</u>	<u>3,498,245</u>	<u>4,178,996</u>	<u>11,449,247</u>	<u>12,372,328</u>

5. TEMPORARY INVESTMENTS

Temporary investments were consisted of:

	Baht		
	Consolidated financial statements/ Separate financial statements		
	As at September 30, 2019		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Trading securities			
- Investment in Bond			
Bank of Thailand	59,398,212	(63,763)	59,334,449
- Investment in units	63,129,353	1,639,777	64,769,130
Total	<u>122,527,565</u>	<u>1,576,014</u>	<u>124,103,579</u>

	Baht		
	Separate financial statements		
	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	<u>(2,989)</u>	<u>-</u>	<u>(2,989)</u>
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		
	Consolidated financial statements	Separate financial statements	
	As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
Trade receivable			
Trade receivables - other companies	266,906,163	266,906,163	263,108,696
Less Allowance for doubtful accounts	(7,359,692)	(7,359,692)	(5,475,013)
Net	<u>259,546,471</u>	<u>259,546,471</u>	<u>257,633,683</u>
Other receivables			
Other receivables - related parties	1,852,022	1,852,022	2,336,218
Other receivables - other companies	1,554,205	1,554,205	1,157,930
Accrued retentions	10,243,354	10,243,354	9,457,971
Deposit of inventories	5,992,265	5,992,265	9,595,215
Prepaid expenses	4,499,892	4,499,892	3,677,167
Accrued income	726,274	726,274	673,761
Total other receivables	<u>24,868,012</u>	<u>24,868,012</u>	<u>26,898,262</u>
Total trade and other receivables	<u><u>284,414,483</u></u>	<u><u>284,414,483</u></u>	<u><u>284,531,945</u></u>

Trade receivables are classified by aging as follows:

	Baht		
	Consolidated financial statements	Separate financial statements	
	As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
Current	163,661,610	163,661,610	171,737,088
Overdue			
Less than 3 months	85,269,037	85,269,037	81,579,532
Over 3 months up to 6 months	8,385,013	8,385,013	5,357,886
Over 6 months up to 12 months	5,828,545	5,828,545	804,084
Over 12 months	3,761,958	3,761,958	3,630,106
Total	266,906,163	266,906,163	263,108,696
Less Allowance for doubtful account	(7,359,692)	(7,359,692)	(5,475,013)
Trade receivables, net	<u><u>259,546,471</u></u>	<u><u>259,546,471</u></u>	<u><u>257,633,683</u></u>

7. FINANCE LEASE RECEIVABLES

Finance lease receivables were consisted of:

	Baht		
	Consolidated financial statements	Separate financial statements	
	As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
Finance lease receivables - printing devices	24,886,270	24,886,270	32,922,101
<u>Less</u> Current portion	(9,460,011)	(9,460,011)	(11,793,435)
Long-term finance lease receivables	<u>15,426,259</u>	<u>15,426,259</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 September 30, 2019 and December 31, 2018, are as follows:

	Baht	
	Consolidated financial statements	
	As at September 30, 2019	
	Minimum lease payments	Present value of minimum lease payments
Collection period		
Within 1 year	13,458,888	9,460,011
Over 1 year but less than 5 years	23,096,271	15,426,259
	36,555,159	24,886,270
<u>Less</u> Deferred interest	(11,668,889)	-
	<u>24,886,270</u>	<u>24,886,270</u>

	Baht			
	Separate financial statements			
	As at September 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	13,458,888	9,460,011	16,521,656	11,793,435
Over 1 year but less than 5 years	23,096,271	15,426,259	30,963,874	21,128,666
	36,555,159	24,886,270	47,485,530	32,922,101
<u>Less</u> Deferred interest	(11,668,889)	-	(14,563,429)	-
	<u>24,886,270</u>	<u>24,886,270</u>	<u>32,922,101</u>	<u>32,922,101</u>

## 8. INVENTORIES

Inventories were consisted of :

	Baht		
	Consolidated financial statements	Separate financial statements	
	As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
Finished goods	277,058,089	277,058,089	261,955,093
Goods in transit	45,828,605	45,828,605	58,621,511
Total	322,886,694	322,886,694	320,576,604
<u>Less</u> Allowance for loss on devaluation of inventories	<u>(21,251,523)</u>	<u>(21,251,523)</u>	<u>(16,137,300)</u>
Net	<u>301,635,171</u>	<u>301,635,171</u>	<u>304,439,304</u>

Decline in value of inventory recognized as cost of goods sold for the three-month and nine-month periods ended September 30, 2019 were Baht 1.70 million and Baht 5.11 million, respectively (for the Company’s only amounting to Baht 1.70 million and Baht 5.11 million, respectively).

## 9. INVESTMENT IN SUBSIDIARY

Investment in subsidiary consisted of:

Subsidiary	Paid-up capital	Percentage of shareholding	Baht
		(%)	Separate financial statements
		As at September 30, 2019	Cost method As at September 30, 2019
Harn Vietnam Co., Ltd.	Vietnamese Dong 800 million	100.00	1,057,444
Total			<u>1,057,444</u>

The company registered Harn Vietnam Co.,Ltd. “subsidiary” in Vietnam on July 30, 2019 with the registered capital of Vietnamese Dong 800 million (Baht 1.06 million). The company held shares in the subsidiary at 100 percent of the registered capital. The principal business is sale of printing equipment with the objective to enhance competitive capacity and enhance customer service by starting from a business unit “digital printing system” as the first business unit.

10. INVESTMENT PROPERTY

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

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial Statements</u>
<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 September 30, 2019	<u>231,950,000</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2018	(131,824)
Depreciation for the period	(1,384,147)
Accumulated depreciation on disposals and write-off	-
Balance as at September 30, 2019	<u>(1,515,971)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>231,818,176</u>
Balance as at September 30, 2019	<u>230,434,029</u>

For the three-month and nine-month periods ended September 30, 2019, the Company and its subsidiary had rental income from investment property in the amount of Baht 2.84 million and 8.46 million, respectively (for the Company’s only amounting to Baht 2.84 million and 8.46 million, respectively) and operating expenses in the amount of 0.84 million and Baht 2.01 million, respectively (for the Company’s only amounting to Baht 0.84 million and Baht 2.01 million, respectively), which was recognized in the statement of comprehensive income.

## 11. PROPERTY AND EQUIPMENT

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

	Baht
	<u>Consolidated financial Statements / Separate financial Statements</u>
<u>Cost</u>	
Balance as at December 31, 2018	92,959,148
Acquisitions during the period	5,053,337
Disposals and write-off during the period	<u>(3,216,360)</u>
Balance as at September 30, 2019	<u>94,796,125</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2018	(60,278,403)
Depreciation for the period	(8,020,176)
Accumulated depreciation on disposals and write-off	<u>2,160,139</u>
Balance as at September 30, 2019	<u>(66,138,440)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>32,680,745</u>
Balance as at September 30, 2019	<u>28,657,685</u>

As at September 30, 2019, the Company and its subsidiary had equipment which were fully depreciated but still in use with the cost price of Baht 36.17 million.

As at September 30, 2019 and December 31, 2018, the Company had equipment which were fully depreciated but still in use with the cost price of Baht 36.17 million and Baht 27.69 million, respectively.

## 12. 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.



13. CUSTOMER RELATIONSHIP

Changes in customer relationship for the nine-month period ended September 30, 2019 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial Statements</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 September 30, 2019	<u>104,307,663</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2018	(31,126,755)
Amortization for the period	(11,145,203)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2019	<u>(42,271,958)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>73,180,908</u>
Balance as at September 30, 2019	<u>62,035,705</u>

14. INTANGIBLE ASSETS

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

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial Statements</u>
<u>At cost</u>	
Balance as at December 31, 2018	37,675,664
Acquisitions during the period	802,952
Disposals and write-off during the period	-
Balance as at September 30, 2019	<u>38,478,616</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2018	(13,696,321)
Amortization for the period	(3,227,832)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2019	<u>(16,924,153)</u>
<u>Net book value</u>	
Balance as at December 31, 2018	<u>23,979,343</u>
Balance as at September 30, 2019	<u>21,554,463</u>

As at September 30, 2019, the Company and its subsidiary had intangible assets, which were fully amortized but still in use with the cost price of Baht 1.94 million.

As at September 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 1.94 million and Baht 1.05 million, respectively.

#### 15. TRADE AND OTHER PAYABLES

Trade and other payables were consisted of :

	Baht		
	Consolidated financial statements	Separate financial statements	
	As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
Trade payables			
Trade payables - other companies	105,358,588	105,358,588	128,374,706
Other payables			
Other payables	6,857,320	6,857,320	6,363,099
Accrued commission expenses	14,897,865	14,897,865	15,545,412
Accrued bonus	13,332,259	13,332,259	17,851,309
Advance from customers for goods and services	28,688,787	28,688,787	29,354,624
Accrued expenses	8,171,024	8,171,024	7,239,383
Other	2,585,262	2,585,262	5,452,525
Total	74,532,517	74,532,517	81,806,352
Total trade and other payables	<u>179,891,105</u>	<u>179,891,105</u>	<u>210,181,058</u>

#### 16. EMPLOYEE’S BENEFIT OBLIGATIONS

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

	Baht		
	Consolidated financial statements	Separate financial statements	
	As at September 30, 2019 (For the nine- month)	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)
Beginning balance defined benefit obligations	16,670,899	16,670,899	14,897,993
Current service costs and interest	1,592,308	1,592,308	1,772,906
Past service costs and interest			
- change a post-employment plan amendment	3,900,264	3,900,264	-
Benefits paid by the plan	(629,000)	(629,000)	-
Ending balance defined benefit obligations	<u>21,534,471</u>	<u>21,534,471</u>	<u>16,670,899</u>

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

	Baht					
	Consolidated financial statements		Separate financial statements			
	For the three-month period ended September 30,	For the nine-month period ended September 30,	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2019	2019	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	171,171	57,057	51,854	171,171	155,564
Selling expenses	136,062	408,186	136,062	119,717	408,186	359,151
Administrative expenses	200,712	602,137	200,712	168,284	602,137	504,853
Total	393,831	1,181,494	393,831	339,855	1,181,494	1,019,568
Interest on obligation	136,938	410,814	136,938	103,370	410,814	310,110
Total	530,769	1,592,308	530,769	443,225	1,592,308	1,329,678
Total	530,769	5,492,572	530,769	443,225	5,492,572	1,329,678

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 nine-month periods ended September 30, 2019.

#### 17. 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.

18. 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 consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019 were as follows:

	Thousand Baht									
	Consolidated financial statements									
	For the three-month period ended September 30,					For the nine-month period ended September 30,				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	130,826	21,204	55,635	83,905	291,570	383,141	64,917	183,555	259,824	891,437
Revenue from rendering of services	22,086	-	-	9,748	31,834	81,222	-	-	25,712	106,934
Cost of sale of goods	(97,592)	(14,859)	(35,892)	(45,549)	(193,892)	(281,762)	(47,052)	(122,114)	(149,196)	(600,124)
Cost of rendering of services	(19,524)	-	-	(8,377)	(27,901)	(72,090)	-	-	(24,264)	(96,354)
Gross profit	<u>35,796</u>	<u>6,345</u>	<u>19,743</u>	<u>39,727</u>	101,611	<u>110,511</u>	<u>17,865</u>	<u>61,441</u>	<u>112,076</u>	301,893
Other income					5,993					21,159
Selling expenses					(29,253)					(86,294)
Administrative expenses					(33,031)					(106,642)
Finance cost					-					-
Profit before income tax expense					45,320					130,116
Income tax expense					(9,053)					(25,861)
Profit for the periods					<u>36,267</u>					104,255
Other comprehensive income (expense)					(7)					(7)
Total comprehensive income for the periods					<u>36,260</u>					<u>104,248</u>

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**“REVIEWED”**

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

	Thousand Baht									
	Separate financial statements									
	For the three-month period ended September 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	130,826	21,204	55,635	83,905	291,570	117,045	20,929	89,176	74,564	301,714
Revenue from rendering of services	22,086	-	-	9,748	31,834	36,655	-	-	8,116	44,771
Cost of sale of goods	(97,592)	(14,859)	(35,892)	(45,549)	(193,892)	(82,340)	(15,462)	(63,291)	(43,720)	(204,813)
Cost of rendering of services	(19,524)	-	-	(8,377)	(27,901)	(29,501)	-	-	(7,825)	(37,326)
Gross profit	<u>35,796</u>	<u>6,345</u>	<u>19,743</u>	<u>39,727</u>	<u>101,611</u>	<u>41,859</u>	<u>5,467</u>	<u>25,885</u>	<u>31,135</u>	<u>104,346</u>
Other income					5,993					1,376
Selling expenses					(29,253)					(29,595)
Administrative expenses					(32,860)					(30,579)
Finance cost					-					-
Profit before income tax expense					45,491					45,548
Income tax expense					(9,053)					(9,020)
Profit for the periods					<u>36,438</u>					<u>36,528</u>
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>36,438</u>					<u>36,528</u>

	Thousand Baht									
	Separate financial statements									
	For the nine-month period ended September 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	383,141	64,917	183,555	259,824	891,437	342,404	63,571	254,521	241,451	901,947
Revenue from rendering of services	81,222	-	-	25,712	106,934	88,803	-	-	23,444	112,247
Cost of sale of goods	(281,762)	(47,052)	(122,114)	(149,196)	(600,124)	(242,240)	(47,446)	(175,916)	(142,160)	(607,762)
Cost of rendering of services	(72,090)	-	-	(24,264)	(96,354)	(76,482)	-	-	(22,270)	(98,752)
Gross profit	<u>110,511</u>	<u>17,865</u>	<u>61,441</u>	<u>112,076</u>	<u>301,893</u>	<u>112,485</u>	<u>16,125</u>	<u>78,605</u>	<u>100,465</u>	<u>307,680</u>
Other income					21,159					7,147
Selling expenses					(86,294)					(88,315)
Administrative expenses					(106,470)					(103,221)
Finance cost					-					-
Profit before income tax expense					130,288					123,291
Income tax expense					(25,861)					(24,374)
Profit for the periods					<u>104,427</u>					<u>98,917</u>
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>104,427</u>					<u>98,917</u>

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

	Thousand Baht				
	Consolidated financial statements				
	As at September 30, 2019				
	Segment 1	Segment 2	Segment 3	Segment 4	Total
Assets for reportable segments					
Trade receivables - other companies	146,587	24,604	43,129	52,586	266,906
Inventories	123,800	14,045	86,773	77,017	301,635
Goodwill	-	-	200,066	134,606	334,672
Customer relationship	-	-	44,806	17,230	62,036
Assets under common use					
- Investment property	-	-	-	-	230,434
- Plant and equipment	-	-	-	-	28,657
- Intangible assets	-	-	-	-	21,554
- Others	-	-	-	-	278,314
Total assets for reportable segments	<u>270,387</u>	<u>38,649</u>	<u>374,774</u>	<u>281,439</u>	<u>1,524,208</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,273</u>

	Thousand Baht									
	Separate financial statements									
	As at September 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	146,587	24,604	43,129	52,586	266,906	117,937	21,920	64,915	58,337	263,109
Inventories	123,800	14,045	86,773	77,017	301,635	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	-	-	44,806	17,230	62,036	-	-	52,858	20,322	73,180
Assets under common use										
- Investment property	-	-	-	-	230,434	-	-	-	-	231,818
- Plant and equipment	-	-	-	-	28,657	-	-	-	-	32,681
- Intangible assets	-	-	-	-	21,554	-	-	-	-	23,979
- Others	-	-	-	-	278,492	-	-	-	-	284,708
Total assets for reportable segments	<u>270,387</u>	<u>38,649</u>	<u>374,774</u>	<u>281,439</u>	<u>1,524,386</u>	<u>268,510</u>	<u>33,799</u>	<u>390,641</u>	<u>282,450</u>	<u>1,548,586</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,381</u>

## 19. 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.

	Consolidated financial Statements			
	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2019		2019	
Profit for the periods of percent company (Baht)	36,266,539		104,255,378	
Weighted average number of ordinary shares (Shares)	584,500,000		584,500,000	
Basic earnings per share (Baht per share)	0.06		0.18	

  

	Separate financial Statements			
	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Profit for the periods of percent company (Baht)	36,438,609	36,528,426	104,427,448	98,917,080
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	0.18	0.17

## 20. COMMITMENTS AND CONTINGENT LIABILITIES

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

20.1 As at September 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 33.49 million and Baht 21.86 million, respectively.

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

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

Type of credit	Separate financial Statements			
	Facilities (Million Baht)		Referred interest rate (% per annum)	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 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		

20.3 Minimum lease and service payments are as follows:

Payment periods	Million Baht		
	Consolidated financial Statement	Separate financial statements	
	As at September 30, 2019	As at September 30, 2019	As at December 31, 2018
Due not later than 1 year	11.74	11.70	11.92
Due later than 1 year but not later than 5 years	14.27	14.27	1.57

Rental and service expenses for the nine-month period ended September 30, 2019 is Baht 10.59 million (for the Company’s only amounting to Baht 10.59 million.)

## 21. 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, 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			
	Consolidated financial Statements/ Separate financial statements			
	As at September 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in bond	-	59,334,449	-	59,334,449
Investments in investment units	-	64,769,130	-	64,769,130
Foreign currency forward contracts	-	(118,197)	-	(118,197)

  

	Baht			
	Separate financial statements			
	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 September 30, 2019 and December 31, 2018.

	Baht		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	Fair value			
	Consolidated financial Statements/ Separate financial statements	Separate financial statements		
Financial assets and financial liabilities	As at September 30, 2019	As at December 31, 2018		
<u>Financial asset(liabilities)</u>				
1. Foreign currency forward contracts	(118,197)	(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.

## 22. RECLASSIFICATIONS

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

	Baht		
	Separate financial Statements		
	For the three-month period ended September 30, 2018		
	As previously reported	Increase (decrease)	As reclassified
Cost of rendering of services	39,765,936	(2,439,407)	37,326,529
Selling expenses	27,155,273	2,439,407	29,594,680

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	Baht		
	Separate financial Statements		
	For the nine-month period ended September 30, 2018		
	As previously reported	Increase (decrease)	As reclassified
Cost of rendering of services	106,119,337	(7,366,992)	98,752,345
Selling expenses	80,947,974	7,366,992	88,314,966

### 23. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on November 13, 2019.