

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

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2020**

## **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 June 30, 2020 and the related consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2020, changes in shareholders’ equity and cash flows for the six-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”.

**OTHER MATTER**

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders which results in no resolution for the appointment of the auditor of the Company for the accounting period of 2020 yet. However, the Board of Director of the Company has a resolution to propose to the annual general meeting of the Company's shareholders to appoint me as the auditor of the Company for the accounting period of 2020. I therefore have conducted my review on the interim financial information for the three-month and six-month periods ended June 30, 2020, which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated March 27, 2020. Nevertheless, the appointment of myself as the Company's auditor was approved from the Annual General Shareholders' Meeting of 2020 on August 3, 2020.

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

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
August 13, 2020

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2020**

		<u>ASSETS</u>				
		Baht				
		Consolidated financial statements		Separate financial statements		
		As at June	As at December	As at June	As at December	
Note		30, 2020	31, 2019	30, 2020	31, 2019	
<b>CURRENT ASSETS</b>						
	Cash and cash equivalents	188,329,142	127,099,721	185,061,569	120,123,681	
	Temporary investments	10	-	124,477,923	-	124,477,923
	Trade and other current receivables	5, 6	267,816,485	316,114,477	264,881,887	319,085,352
	Current portion of lease receivables	7	7,001,117	6,837,622	7,001,117	6,837,622
	Unbilled receivables		18,639,913	9,566,298	18,639,913	9,566,298
	Short-term loans to related subsidiary	5, 8	-	-	6,143,020	-
	Inventories	9	311,766,702	305,039,856	292,513,213	302,782,483
	Other current financial assets	10	66,973,659	-	66,973,659	-
	Other current assets		89,705	726,617	89,705	422,726
	<b>TOTAL CURRENT ASSETS</b>		<b>860,616,723</b>	<b>889,862,514</b>	<b>841,304,083</b>	<b>883,296,085</b>
<b>NON-CURRENT ASSETS</b>						
	Other non-current financial assets		241,845	241,845	241,845	241,845
	Lease receivables	7	10,977,139	7,990,909	10,977,139	7,990,909
	Investment in subsidiary	11	-	-	1,057,444	1,057,444
	Investment property	12	154,917,430	229,967,576	154,917,430	229,967,576
	Property, plant and equipment	13	103,354,250	30,666,742	103,302,588	30,666,742
	Right-of-use assets	14	2,345,515	-	2,345,515	-
	Goodwill	15	334,672,061	334,672,061	334,672,061	334,672,061
	Customer relationship	16	50,849,678	58,279,813	50,849,678	58,279,813
	Intangible assets	17	19,693,312	20,947,073	19,693,312	20,947,073
	Deferred tax assets		181,527	-	179,092	-
	Other non-current assets		24,360,896	23,668,992	24,360,896	23,668,992
	<b>TOTAL NON-CURRENT ASSETS</b>		<b>701,593,653</b>	<b>706,435,011</b>	<b>702,597,000</b>	<b>707,492,455</b>
	<b>TOTAL ASSETS</b>		<b>1,562,210,376</b>	<b>1,596,297,525</b>	<b>1,543,901,083</b>	<b>1,590,788,540</b>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT JUNE 30, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at June	As at December	As at June	As at December
		30, 2020	31, 2019	30, 2020	31, 2019
			(Reclassified		(Reclassified
			Note 25)		Note 25)
Note					
<b>CURRENT LIABILITIES</b>					
Trade and other current payables	5, 18	211,587,259	199,838,320	192,107,811	193,303,574
Current portion of lease liabilities	19	903,953	-	903,953	-
Corporate income tax payable		15,923,720	21,183,499	15,923,720	21,183,499
Other current provisions		2,542,362	1,455,735	2,542,362	1,455,735
Other current liabilities		1,506,281	1,113,258	1,506,282	1,113,259
<b>TOTAL CURRENT LIABILITIES</b>		<b>232,463,575</b>	<b>223,590,812</b>	<b>212,984,128</b>	<b>217,056,067</b>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	5, 19	1,464,736	-	1,464,736	-
Deferred tax liabilities		-	2,166,298	-	2,166,298
Non-current provisions for employee benefit		26,399,336	25,513,846	26,399,336	25,513,846
Other non-current liabilities		24,066,096	23,364,196	24,066,096	23,364,196
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>51,930,168</b>	<b>51,044,340</b>	<b>51,930,168</b>	<b>51,044,340</b>
<b>TOTAL LIABILITIES</b>		<b>284,393,743</b>	<b>274,635,152</b>	<b>264,914,296</b>	<b>268,100,407</b>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT JUNE 30, 2020**

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

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at June	As at December	As at June	As at December
Note		30, 2020	31, 2019	30, 2020	31, 2019
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
	584,500,000 ordinary shares of Baht 0.50 each	292,250,000	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	292,250,000
	Share premium on ordinary shares	776,416,427	776,416,427	776,416,427	776,416,427
Retained earnings					
Appropriated					
	Legal reserve	29,225,000	29,225,000	29,225,000	29,225,000
	Unappropriated	180,369,898	223,824,610	181,095,360	224,796,706
	Other components of shareholders' equity	(444,692)	(53,664)	-	-
TOTAL SHAREHOLDERS' EQUITY		1,277,816,633	1,321,662,373	1,278,986,787	1,322,688,133
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,562,210,376	1,596,297,525	1,543,901,083	1,590,788,540

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020**

	Note	Baht		
		Consolidated	Separate financial statements	
		financial statements		
		2020	2020	2019
Revenues				
Revenues from sales	5	253,939,884	252,442,621	295,896,843
Revenue from rendering of services		38,654,579	38,099,728	48,745,455
Other income	5	4,069,824	4,722,205	6,756,852
Total revenues		<u>296,664,287</u>	<u>295,264,554</u>	<u>351,399,150</u>
Expenses				
Cost of sales		168,151,503	166,743,545	197,648,986
Cost of rendering of services		33,649,938	33,648,134	40,963,189
Distribution cost		26,589,250	26,016,483	29,759,970
Administrative expenses	5	34,517,216	34,297,452	38,327,116
Total expenses		<u>262,907,907</u>	<u>260,705,614</u>	<u>306,699,261</u>
Profit from operating activities		33,756,380	34,558,940	44,699,889
Finance cost	5	38,809	38,809	-
Profit before income tax expenses		33,717,571	34,520,131	44,699,889
Income tax expenses		6,763,198	6,879,607	8,908,413
Profit for the period		<u>26,954,373</u>	<u>27,640,524</u>	<u>35,791,476</u>
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences of the financial statement of foreign subsidiary		(292,647)	-	-
		<u>(292,647)</u>	<u>-</u>	<u>-</u>
Other comprehensive income (expense) for the period, net of tax		(292,647)	-	-
Total comprehensive income for the period		<u>26,661,726</u>	<u>27,640,524</u>	<u>35,791,476</u>
Basic earnings per share	22			
Profit attributable to owners of the parent		0.05	0.05	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 interim financial statements

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF COMPREHENSIVE INCOME (CONT.)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

		Baht		
		Consolidated	Separate financial statements	
		financial statements		
Note		2020	2020	2019
<b>Revenues</b>				
	Revenues from sales	529,464,962	526,258,448	599,866,775
	Revenue from rendering of services	67,422,229	66,867,378	75,100,165
	Other income	10,443,208	10,018,618	15,166,112
	<b>Total revenues</b>	<b>607,330,399</b>	<b>603,144,444</b>	<b>690,133,052</b>
<b>Expenses</b>				
	Cost of sales	347,000,085	344,514,132	406,232,390
	Cost of rendering of services	59,172,041	59,170,237	68,452,951
	Distribution cost	55,667,102	54,662,218	57,041,055
	Administrative expenses	68,402,688	67,953,545	73,609,942
	<b>Total expenses</b>	<b>530,241,916</b>	<b>526,300,132</b>	<b>605,336,338</b>
	<b>Profit from operating activities</b>	<b>77,088,483</b>	<b>76,844,312</b>	<b>84,796,714</b>
	Finance cost	66,530	66,530	-
	<b>Profit before income tax expenses</b>	<b>77,021,953</b>	<b>76,777,782</b>	<b>84,796,714</b>
	Income tax expenses	15,267,097	15,269,560	16,807,875
	<b>Profit for the period</b>	<b>61,754,856</b>	<b>61,508,222</b>	<b>67,988,839</b>
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
	Currency translation differences of the financial statement of foreign subsidiary	(391,028)	-	-
		(391,028)	-	-
	<b>Other comprehensive income (expense) for the period, net of tax</b>	<b>(391,028)</b>	<b>-</b>	<b>-</b>
	<b>Total comprehensive income for the period</b>	<b>61,363,828</b>	<b>61,508,222</b>	<b>67,988,839</b>
<b>Basic earnings per share</b>				
	Profit attributable to owners of the parent	0.11	0.11	0.12
	Weighted average number of ordinary shares (shares)	584,500,000	584,500,000	584,500,000



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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

		Baht					
		Consolidated financial statements					
		Issued and	Premium on	Retained earnings		Other components	Total
		paid-up	ordinary shares	Appropriated	Unappropriated	of equity	shareholders'
		share capital		legal reserve		Currency translation	equity
						differences of the	
						financial statements	
						of foreign subsidiary	
	Note						
Beginning balance as at January 1, 2020		292,250,000	776,416,427	29,225,000	223,824,610	(53,664)	1,321,662,373
Dividend	20	-	-	-	(105,209,568)	-	(105,209,568)
Total comprehensive income for the period							
Profit for the period		-	-	-	61,754,856	-	61,754,856
Other comprehensive income (expense)							
for the period		-	-	-	-	(391,028)	(391,028)
Ending balance as at June 30, 2020		<u>292,250,000</u>	<u>776,416,427</u>	<u>29,225,000</u>	<u>180,369,898</u>	<u>(444,692)</u>	<u>1,277,816,633</u>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

		Baht				
		Separate financial statements				
		Issued and	Premium on	Retained earnings		Total
		paid-up	ordinary shares	Appropriated	Unappropriated	shareholders'
	Note	share capital		legal reserve		equity
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>
Beginning balance as at January 1, 2020		292,250,000	776,416,427	29,225,000	224,796,706	1,322,688,133
Dividend	20	-	-	-	(105,209,568)	(105,209,568)
Total comprehensive income for the period						
Profit for the period		-	-	-	61,508,222	61,508,222
Other comprehensive income for the period		-	-	-	-	-
Ending balance as at June 30, 2020		<u>292,250,000</u>	<u>776,416,427</u>	<u>29,225,000</u>	<u>181,095,360</u>	<u>1,278,986,787</u>

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

	Baht		
	Consolidated	Separate financial statements	
	financial statements		
	2020	2020	2019
Cash flows from operating activities			
Profit for the period	61,754,856	61,508,222	67,988,839
Adjustment to reconcile profit for the period to			
net cash provided by (used in) operating activities :			
Bad debt and allowance for doubtful account (reversal)	1,562,133	1,549,649	2,291,928
Depreciation and amortization	9,045,780	9,040,203	8,525,901
Amortization of customer relationship	7,430,135	7,430,136	7,389,310
Loss on devaluation of inventories	1,647,589	1,647,589	3,409,482
(Gain) loss on disposals of equipment	22,417	22,417	72,612
Unrealized (gain) loss on exchange rate	(443,967)	(224,630)	207,918
(Gain) loss on disposals of investment	(3,380,909)	(3,380,909)	(568,480)
Unrealized (gain) loss on revaluation of			
other current financial assets	4,374,276	4,374,276	(1,482,001)
Interest income	(764,402)	(879,293)	(44,954)
Employee's benefit expenses	1,285,490	1,285,490	4,961,804
Finance cost	66,530	66,530	-
Income tax expense	15,267,097	15,269,560	16,807,875
Profit from operating before changes in operating assets and liabilities	97,867,025	97,709,240	109,560,234
(Increase) decrease in operating assets			
Trade and other current receivables	50,006,382	52,732,963	(38,898,894)
Lease receivables	(3,198,401)	(3,198,401)	5,998,699
Unbilled receivables	(9,112,841)	(9,112,841)	(1,418,713)
Inventories	(10,395,077)	6,601,038	4,956,771
Other current assets	636,912	333,022	(196,644)
Other non-current assets	(691,904)	(691,904)	(854,002)

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

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS (CONT.)**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

	Baht		
	Consolidated	Separate financial statements	
	financial statements		
	2020	2020	2019
Increase (decrease) in operating liabilities			
Trade and other current payables	8,493,865	(1,075,367)	(25,486,695)
Short-term provisions	1,086,628	1,086,628	6,902,405
Other current liabilities	393,022	393,022	2,131,200
Non-current provisions for employee benefit	(400,000)	(400,000)	(629,000)
Other non-current liabilities	701,900	701,900	268,322
Cash generated (paid) from operating	135,387,511	145,079,300	62,333,683
Income tax paid	(22,874,729)	(22,874,729)	(18,195,951)
Net cash provided by (used in) operating activities	112,512,782	122,204,571	44,137,732
Cash flows from investing activities			
Cash receipts from redemption of temporary investments	56,885,007	56,885,007	(112,000,000)
Cash payments for purchase of temporary investments	-	-	149,000,000
Cash payments for short-term loans	-	(6,352,000)	-
Cash payments for purchase of equipment	(2,357,474)	(2,300,370)	(648,112)
Cash receipts from disposal of equipment	76,838	76,838	900,000
Cash payments for purchases of intangible assets	(618,532)	(618,532)	(104,000)
Interest received	764,402	764,402	44,954
Net cash provided by (used in) investing activities	54,750,241	48,455,345	37,192,842
Cash flows from financing activities			
Cash payments for lease liabilities	(512,460)	(512,460)	-
Dividend paid	(105,209,568)	(105,209,568)	(93,519,936)
Net cash provided by (used in) financing activities	(105,722,028)	(105,722,028)	(93,519,936)

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

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

**STATEMENT OF CASH FLOWS (CONT.)**

**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

	Baht		
	Consolidated	Separate financial statements	
	financial statements		
	2020	2020	2019
Net increase (decrease) in cash and cash equivalents	61,540,995	64,937,888	(12,189,362)
Cash and cash equivalents at beginning of period	127,099,721	120,123,681	29,310,563
Effect of translation adjustment on foreign currency financial statements	(311,574)	-	-
Cash and cash equivalents at end of period	188,329,142	185,061,569	17,121,201
Supplementally disclosures of cash flows information :			
Non-Cash transaction			
1) Liabilities incurred from acquisition of equipment and intangible assets			
Liabilities incurred from acquisition of equipment and intangible assets - beginning of period	475,280	475,280	426,371
Inventories transferred to equipment	(2,020,641)	(2,020,641)	(3,221,612)
<u>Add</u> Purchases of equipment and intangible assets	5,059,398	5,002,294	4,353,438
<u>Less</u> Cash payments	(2,976,006)	(2,918,902)	(752,112)
Liabilities incurred from acquisition of fixed assets and intangible assets - ending of period	538,031	538,031	806,085
2) Transfer investment property to be used as property, plant and equipment			
Increase (decrease) in investment property	74,129,902	74,129,902	-
Increase (decrease) in property, plant and equipment	(74,129,902)	(74,129,902)	-

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

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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 “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, 2019.

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 June 30, 2020	As at December 31, 2019	
<b>Direct shareholding</b>				
Harn Vietnam Co., Ltd.	Printing equipment	100.00	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.

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

2.3 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiary have adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

**Financial reporting standards related to financial instruments:**

A set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The Company and its subsidiary have adopted TFRS related to financial instruments the first-time in its financial statements by applying modified retrospective approach of adoption of which the cumulative effect as an adjustment to the retained earnings as at January 1, 2020 and the comparative information was not restated. The cumulative effect of the change is described in Note 4 to the interim financial statements.

**TFRS 16 Leases**

These TFRSs supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

As at January 1, 2020, the Company and its subsidiary had adopted TFRS 16, which the Company and its subsidiary recognized the cumulative effects of the initial application of this financial reporting standard without restated the previous year's financial statements presented for comparative. However, the Company and its subsidiary had chosen to comply with this financial reporting standard with the lease that was previously classified as operating lease by recognizing the liabilities under the lease as at January 1, 2020 with the present value of the remaining lease payment and discounted by the interest rate of the additional borrowing of the Company its subsidiary as at the initial application date. It was recognized the contractual use rights in the amount of liabilities under lease agreements adjusted by the amount of the prepaid or accrued lease payments which were related to the lease agreement recognized in the statement of financial position before the date of application of this financial reporting standard.

The effect of the change in accounting policy is stated in Note 4 to the interim financial statements.



### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the interim financial statements are the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2019, except for the change in accounting policies according to the Company and its subsidiaries have adopted TFRS 9, Financial Instruments and group of financial reporting standards relate to financial instruments and TFRS 16 Leases which are effective on January 1, 2020, as follows:

#### 3.1 Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade and other receivables are stated at the amount expected to be collectible, The Company and its subsidiaries apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and its subsidiary have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss within administrative expenses.

#### 3.2 Financial assets and financial liabilities

##### **Classification and measurement of financial assets**

The classification of financial assets depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

The Company and its subsidiary classify its debt instruments in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company and its subsidiary reclassify debt instruments when and only when its business model for managing those assets changes.

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

At initial recognition, the Company and its subsidiaries measure a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company and its subsidiary business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company and its subsidiaries classify its debt instruments:

- **Amortized cost:** A financial assets will be measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/( losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.
- **FVOCI:** A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest

income and related foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised on other gains/losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Dividends from such investments continue to be recognised in profit or loss when the Company and its subsidiaries’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### **Classification and measurement of financial liabilities and equity**

Financial instruments issued by the Company and its subsidiary must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Company and its subsidiary have an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company and its subsidiaries’s own equity instruments.
- Where the Company and its subsidiary have no contractual obligation or have an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

At initial recognition, the Company and its subsidiary measure financial liabilities at fair value. The Company and its subsidiary reclassify all financial liabilities as subsequently measured at amortised cost, except for derivatives.

### **Recognition and derecognition**

The Company and its subsidiary shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company and its subsidiary become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company and its subsidiary commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company and its subsidiary have transferred substantially all the risks and rewards of ownership of the financial assets.

### **Impairment**

The Company and its subsidiary assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company and its subsidiary apply general approach for credit-impaired consideration.

### 3.3 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument in hedge accounting, and if so, the nature of the item being hedged. The Company and its subsidiary designate certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or unrecognized firm commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains (losses).

### 3.4 Leases

At inception of a contract, the Company and its subsidiary assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company and its subsidiary assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is

reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

**Right-of-use assets-as a lessee**

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

**Lease liabilities**

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Company and its subsidiaries exercising the option to terminate.

In calculating the present value of lease payments, the Company and its subsidiary use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Company and its subsidiary apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement

date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

The Company and its subsidiary recognize the payment from operating leases as income by using the straight-line method over the contract period.

#### 4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 2.3 to the interim financial statements, during the current year, the Company and its subsidiary have adopted TFRS 9 and TFRS 16 using the modified retrospective method of adoption. The cumulative effect of the changes in accounting policies such financial reporting standards is recognized. Therefore, the comparative information was not restated.

The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

	Thousand Baht			
	Consolidated financial statements			
	As at December 31, 2019	The impacts of TFRSs related to financial instruments	The impacts of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
Current assets				
Temporary investments	124,478	(124,478)	-	-
Trade and other current receivables	316,114	41	-	316,155
Current portion of lease receivables	6,838	(12)	-	6,826
Unbilled receivables	9,566	(20)		9,546
Other current financial asset	-	124,478	-	124,478
Non-current assets				
Long-term lease receivables	7,991	(9)	-	7,982
Right-of-use assets	-	-	2,815	2,815
Current liabilities				
Current portion of lease liabilities	-	-	891	891
Non-current liabilities				
Lease liabilities	-	-	1,924	1,924

  

	Thousand Baht			
	Separate financial statements			
	As at December	The impacts of	The impacts of	As at January

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	31, 2019	TFRSs related to financial instruments	TFRS 16	1, 2020
<b>Statement of financial position</b>				
Current assets				
Temporary investments	124,478	(124,478)	-	-
Trade and other current receivables	319,085	41	-	319,126
Current portion of finance lease receivables	6,838	(12)	-	6,826
Unbilled receivables	9,566	(20)	-	9,546
Other current financial asset	-	124,478	-	124,478
Non-current assets				
Long-term finance lease receivables	7,991	(9)	-	7,982
Right-of-use assets	-	-	2,815	2,815
Current liabilities				
Current portion of lease liabilities	-	-	891	891
Non-current liabilities				
Lease liabilities	-	-	1,924	1,924

#### 4.1 Financial instruments

##### **Classification and measurement**

On January 1, 2020 (the date of initial application), the Company and its subsidiary's management has assessed which business models applied to the financial assets and liabilities held by the Company and its subsidiaries and has classified the financial assets and liabilities as below.

	Thousand Baht		
	Consolidated financial statements		
	FVPL	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	127,100	127,100
Trade and other current receivables	-	316,155	316,155
Current portion of lease receivables	-	6,826	6,826
Unbilled receivables	-	9,546	9,546
Other current financial assets	124,478	-	124,478
Other non-current financial assets	242	-	242
Lease receivables	-	7,982	7,982
Other non-current assets	-	23,669	23,669
	<u>124,720</u>	<u>491,278</u>	<u>615,998</u>

Thousand Baht	
Consolidated financial statements	
Amortized cost	Total

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Financial liabilities as at January 1, 2020

Trade and other current payables	199,838	199,838
Lease liabilities	2,815	2,815
Other non-current liabilities	23,364	23,364
	<u>226,017</u>	<u>226,017</u>

Thousand Baht

Separate financial statements

	FVPL	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	120,124	120,124
Trade and other current receivables	-	319,126	319,126
Current portion of lease receivable	-	6,826	6,826
Unbilled receivables	-	9,546	9,546
Other current financial assets	124,478	-	124,478
Other non-current financial assets	242	-	242
Lease receivables	-	7,982	7,982
Other non-current assets	-	23,669	23,669
	<u>124,720</u>	<u>487,273</u>	<u>611,993</u>

Thousand Baht

Separate financial statements

	Amortized cost	Total
Financial liabilities as at January 1, 2020		
Trade and other current payables	193,304	193,304
Lease liabilities	2,815	2,815
Other non-current liabilities	23,364	23,364
	<u>219,483</u>	<u>219,483</u>

**Impairment of financial assets**

The Company and its subsidiaries have trade receivables, that are subject to the expected credit loss model. The Company and its subsidiary have trade receivables, lease receivables and unbilled receivables that are subject to the expected credit loss model.

Trade and other current receivables/ lease receivables/ unbilled receivables

The Company and its subsidiary apply the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.



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To measure the expected credit losses, trade and other current receivables, lease receivable and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced and the impact of potential factor to the expected loss rates.

On that basis, the loss allowance for account receivables was as follows:

	Thousand Baht					
	Consolidated financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at January 1, 2020						
Trade and other current receivables	204,436	83,902	8,308	5,357	4,136	306,139
Lease receivables	17,729	603	19	-	-	18,351
Unbilled receivables	9,566	-	-	-	40	9,606
Loss allowance	458	478	702	885	4,176	6,699

  

	Thousand Baht					
	Separate financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
As at January 1, 2020						
Trade and other current receivables	204,252	87,093	8,308	5,357	4,136	309,146
Lease receivables	17,729	603	19	-	-	18,351
Unbilled receivables	9,566	-	-	-	40	9,606
Loss allowance	458	495	702	885	4,176	6,716

The loss allowance for account receivables as at December 31, 2019 is reconciled to the opening loss allowance for trade receivables as at January 1, 2020 as follow:

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
<u>Loss allowance for trade receivables</u>		
As at December 31, 2019	7,286	7,286
The effect of the adoption of the financial reporting standard No.9	(587)	(570)
Opening loss allowance as at January 1, 2020	<u>6,699</u>	<u>6,716</u>

The adoption of such financial reporting standards insignificant effect on the financial statements of the Company and its subsidiary. Therefore, the management considered not to adjust such effect on unappropriated retained earnings as at the beginning of the period.

#### 4.2 Leases

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company and its subsidiary's incremental borrowing rates. The Company and

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its subsidiary incremental borrowing rates applied to the lease liabilities as at January 1, 2020 was ranged between 6.175 %.

For leases previously classified as finance leases applying TAS 17, the Company and its subsidiary reclassified the carrying amount of the lease assets and lease liabilities immediately before adoption of TFRS 16 as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Operating lease commitments disclosed as at December 31, 2019	21,804	21,572
<u>Less:</u> Short-term leases recognized on a straight-line basis as expenses	(3,393)	(3,161)
<u>Less:</u> Termination options reasonably certain to be exercised	(12,580)	(12,580)
<u>Less:</u> Contracts reassessed as service agreements	(2,756)	(2,756)
	3,075	3,075
<u>Less:</u> Deferred interest expenses	(260)	(260)
Additional lease liabilities from TFRS 16 adoption	2,815	2,815
Finance lease liabilities as at December 31, 2019	-	-
Lease liabilities recognised as at January 1, 2020	<u>2,815</u>	<u>2,815</u>
Of which are:		
Current lease liabilities	891	891
Non-current lease liabilities	1,924	1,924
	<u>2,815</u>	<u>2,815</u>

The recognized right-of-use assets relate to the following types of assets:

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
As at January 1, 2020		
Building and building improvements	<u>2,815</u>	<u>2,815</u>
Total right-of-use assets	<u>2,815</u>	<u>2,815</u>

## 5. 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

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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 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
Nutrix Public Company Limited	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>
Sale of goods	Market price
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
Interest expenses	Market price

Significant agreements with related parties

The Company entered into office building rental agreement as follows:

	<u>As at June 30, 2020</u>		
	<u>Lessor</u>	<u>Period</u>	<u>Rate per month (Baht)</u>
Office rental agreement	Mr. Jain Charnnarong	3.9 year	53,100
	Harn Engineering Co., Ltd.	3.9 year	413,916
Warehouse rental agreement	Phraboriban Co., Ltd.	0.7 year	195,490
	Phraboriban Co., Ltd.	3 year	85,410

Balances with the related parties as at June 30, 2020 and December 31, 2019 consisted of:

	<u>Baht</u>
	<u>Consolidated financial statements</u> <u>Separate financial statements</u>

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	As at June 30, 2020	As at December 31, 2019	As at June 30, 2020	As at December 31, 2019
Trade and other current receivables				
Subsidiary				
Harn Vietnam Co., Ltd.	-	-	118,282	3,238,895
Related company				
Harn Engineering Co., Ltd.	1,845,458	1,852,022	1,845,458	1,852,022
Nutrix Public Company Limited	59,716	-	59,716	-
	<u>1,905,174</u>	<u>1,852,022</u>	<u>2,023,456</u>	<u>5,090,917</u>
Short-term loans to related parties				
Subsidiary				
Harn Vietnam Co., Ltd.	-	-	6,143,020	-
Payment deposit				
Related company				
Nutrix Public Company Limited	-	5,229,668	-	5,229,668
Other payable				
Related company				
Throughwave (Thailand) Co., Ltd.	-	2,988,382	-	2,988,382
Lease liabilities				
Related company				
Phraboriban Co., Ltd.	2,368,689	-	2,368,689	-

Transactions with related parties for the three-month and six-month periods ended June 30, 2020 and 2019 were summarized as follows:

Baht

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	Consolidated financial statements		Separate financial statements			
	For the three-month	For the six-month	For the three-month periods		For the six-month periods	
	period ended	period ended	ended June 30,		ended June 30,	
	June 30,	June 30,	2020	2019	2020	2019
Sale of goods						
Subsidiary					-	
Harn Vietnam Co.,Ltd	-	-	3,608	-	200,796	
Related company						
Nutrix Public Company	59,856	81,888	59,856	-	81,888	
Limited						
Other income						
Subsidiary						
Harn Vietnam Co.,Ltd		-	92,979	-	114,891	
Office rental and service expenses						
Related company						
Harn Engineering Co.,Ltd.	1,241,748	2,483,496	1,241,748	1,496,988	2,483,496	
Phraboriban Co., Ltd	586,470	1,172,940	586,470	842,700	1,172,940	
Related person						
Mr. Jain Charnnarong	159,300	318,600	159,300	159,300	318,600	
	<u>1,987,518</u>	<u>3,975,036</u>	<u>1,987,518</u>	<u>2,498,988</u>	<u>4,997,976</u>	
Interest expenses from lease liabilities						
Related company						
Harn Vietnam Co.,Ltd	38,809	66,530	38,809	-	66,530	
Directors remuneration						
Directors remuneration	1,025,000	1,950,000	1,025,000	920,000	1,950,000	
Management benefit expenses						
Shot-term employee’s benefits	2,708,004	5,987,128	2,708,004	2,689,125	5,987,128	
Post-employment benefits	78,600	152,940	78,600	87,282	152,940	
	<u>3,811,604</u>	<u>8,090,068</u>	<u>3,811,604</u>	<u>3,696,407</u>	<u>7,951,002</u>	

## 6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables were consisted of:

Baht

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	Consolidated financial statements		Separate financial statements	
	As at June	As at December	As at June	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Trade receivable				
Trade receivables - subsidiary	-	-	3,391	3,238,895
Trade receivables - other companies	239,397,771	288,666,770	236,850,620	288,435,152
Total	239,397,771	288,666,770	236,854,011	291,674,047
<u>Less</u> Allowance for doubtful accounts	(8,729,821)	(7,286,049)	(8,717,641)	(7,286,049)
Net	230,667,950	281,380,721	228,136,370	284,387,998
Other current receivables				
Other receivables - related parties	1,845,458	1,852,022	1,960,349	1,852,022
Other receivables - other companies	5,230,584	8,853,168	5,101,975	8,853,168
Accrued retentions	12,317,963	9,527,045	12,317,963	9,527,045
Deposit	11,796,454	8,762,613	11,772,324	8,746,087
Prepaid expenses	5,031,990	4,674,077	4,666,820	4,654,201
Accrued income	956,242	1,064,831	956,242	1,064,831
Total	37,178,691	34,733,756	36,775,673	34,697,354
<u>Less</u> Allowance for doubtful accounts	(30,156)	-	(30,156)	-
Net	37,148,535	34,733,756	36,745,517	34,697,354
Total trade and other current receivables	267,816,485	316,114,477	264,881,887	319,085,352

Trade receivables are classified by aging as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June	As at December	As at June	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Current	147,607,756	187,039,492	147,012,262	186,855,915
Overdue				
Less than 3 months	75,133,417	83,826,501	73,185,151	87,017,355
Over 3 months up to 6 months	9,987,523	8,308,446	9,987,523	8,308,446
Over 6 months up to 12 months	1,938,545	5,356,651	1,938,544	5,356,651
Over 12 months	4,730,530	4,135,680	4,730,531	4,135,680
Total	239,397,771	288,666,770	236,854,011	291,674,047
<u>Less</u> Allowance for doubtful account	(8,729,821)	(7,286,049)	(8,717,641)	(7,286,049)
Trade receivables, net	230,667,950	281,380,721	228,136,370	284,387,998

## 7. LEASE RECEIVABLES

Lease receivables were consisted of:

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	Consolidated financial statements		Separate financial statements	
	As at June 30, 2020	As at December 31, 2019	As at June 30, 2020	As at December 31, 2019
Lease receivables - printing devices	17,978,256	14,828,531	17,978,256	14,828,531
<u>Less</u> Current portion	(7,001,117)	(6,837,622)	(7,001,117)	(6,837,622)
Long-term lease receivables	<u>10,977,139</u>	<u>7,990,909</u>	<u>10,977,139</u>	<u>7,990,909</u>

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the lease agreements as at June 30, 2020 and December 31, 2019, are as follows:

	Baht			
	Consolidated financial statements/Separate financial statements			
	As at June 30, 2020		As at December 31, 2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	9,529,969	7,001,117	8,413,838	6,837,622
Over 1 year but less than 5 years	14,480,626	10,977,139	9,936,769	7,990,909
	<u>24,010,595</u>	<u>17,978,256</u>	<u>18,350,607</u>	<u>14,828,531</u>
<u>Less</u> Deferred interest	(6,032,339)	-	(3,522,076)	-
	<u>17,978,256</u>	<u>17,978,256</u>	<u>14,828,531</u>	<u>14,828,531</u>

#### 8. SHORT-TERM LOANS TO RELATED SUBSIDIARY

Movements of short-term loans to related subsidiary for the six-month period ended June 30, 2020 were as follows:

	Separate financial statements	
	USD	Baht
<b>Harn Vietnam Co., Ltd.</b>		
Beginning balance	-	-
Additional during the period	200,000	6,352,000
Deduction during the period	-	-
Conversion of unrealized on exchange rate	-	(208,980)
Ending balance	<u>200,000</u>	<u>6,143,020</u>

As at March 12, 2020, the Company has short-term loans to a subsidiary amounted 200,000 of United States Dollars. The interest rate has been charged at 6.15% per annum in the term of year.

#### 9. INVENTORIES

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Inventories were consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2020	As at December 31, 2019	As at June 30, 2020	As at December 31, 2019
Finished goods	289,381,565	285,842,722	270,128,076	283,585,349
Goods in transit	48,426,668	43,591,076	48,426,668	43,591,076
Total	337,808,233	329,433,798	318,554,744	327,176,425
<u>Less</u> Allowance for loss on devaluation of inventories	<u>(26,041,531)</u>	<u>(24,393,942)</u>	<u>(26,041,531)</u>	<u>(24,393,942)</u>
Net	<u>311,766,702</u>	<u>305,039,856</u>	<u>292,513,213</u>	<u>302,782,483</u>

Decline in value of inventory recognized as cost of goods sold for the three-month and six-month periods ended June 30,2020 were Baht 0.65 million and Baht 1.65 million, respectively (for the Company’s only amounting to Baht 0.65 million and 1.65 million, respectively).

#### 10. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets were consisted of:

	Baht		
	Consolidated financial statements/ Separate financial statements		Fair value
	As at June 30, 2020		
Cost value	Unrealized gain (loss) on revaluation of investments		
Debt securities			
- Investment in Bond			
Bank of Thailand	59,959,660	27,784	59,987,444
Equity securities			
- Investment in units	9,625,256	(2,639,041)	6,986,215
Total	<u>69,584,916</u>	<u>(2,611,257)</u>	<u>66,973,659</u>



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	Baht		
	Consolidated financial statements/ Separate financial statements		
	December 31, 2019		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Debt securities			
- Investment in Bond			
Bank of Thailand	59,585,551	35,204	59,620,755
Equity securities			
- Investment in units	63,129,353	1,727,815	64,857,168
Total	122,714,904	1,763,019	124,477,923

## 11. INVESTMENT IN SUBSIDIARY

Investment in subsidiary consisted of:

Subsidiary	Paid-up capital	Baht			
		Percentage of shareholding		Separate financial statements	
		(%)		Cost method	
		As at June 30, 2020	As at December 31, 2019	As at June 30, 2020	As at December 31, 2019
Harn Vietnam Co., Ltd.	Vietnamese Dong 800 million	100.00	100.00	1,057,444	1,057,444
Total				1,057,444	1,057,444

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.

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## 12. INVESTMENT PROPERTY

Changes in the investment property for the six-month period ended June 30, 2020 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial</u>
	<u>Statements/Separate</u>
	<u>financial Statements</u>
<u>Cost</u>	
Balance as at December 31, 2019	231,950,000
Acquisitions during the period	-
Disposals and write-off during the period	-
Transfers	(76,015,161)
Balance as at June 30, 2020	<u>155,934,839</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2019	(1,982,424)
Depreciation for the period	(920,244)
Accumulated depreciation on disposals and write-off	-
Transfers	1,885,259
Balance as at June 30, 2020	<u>(1,017,409)</u>
<u>Net book value</u>	
Balance as at December 31, 2019	<u>229,967,576</u>
Balance as at June 30, 2020	<u><u>154,917,430</u></u>

During the year 2020, the Company has changed its objective for land holding for rent to be used as a warehouse. Therefore, the Company transferred such investment property as owner-occupied property with the cost at Baht 74.13 million.

For the three-month and six-month periods ended June 30, 2020 and 2019, the Company and its subsidiary had rental income from investment property in the amount of Baht 1.50 million and Baht 2.84 million and Baht 4.34 million and Baht 5.62 million, respectively (for the Company's only amounting to Baht 1.50 million and Baht 2.84 million and Baht 4.34 million and Baht 5.62 million, respectively) and operating expenses in the amount of Baht 0.52 million and Baht 0.54 million and Baht 1.07 Million and Baht 1.08 million, respectively (for the Company's only amounting to Baht 0.52 million and Baht 0.54 million and Baht 1.07 million and Baht 1.08 million, respectively), which was recognized in the statement of comprehensive income.

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### 13. PROPERTY, PLANT AND EQUIPMENT

Changes in the property, plant and equipment for the six-month period ended June 30, 2020 were summarized as follows:

	Baht	
	Consolidated	Separate financial
	financial Statements	Statements
<u>Cost</u>		
Balance as at December 31, 2019	96,664,900	96,664,900
Acquisitions during the period	4,295,961	4,238,857
Disposals and write-off during the period	(2,776,990)	(2,776,990)
Transfers	76,015,161	76,015,161
Balance as at June 30, 2020	<u>174,199,032</u>	<u>174,141,928</u>
<u>Accumulated depreciation</u>		
Balance as at December 31, 2019	(65,998,158)	(65,998,158)
Depreciation for the period	(5,639,101)	(5,633,659)
Accumulated depreciation on disposals and write-off	2,677,736	2,677,736
Transfers	(1,885,259)	(1,885,259)
Balance as at June 30, 2020	<u>(70,844,782)</u>	<u>(70,839,340)</u>
<u>Net book value</u>		
Balance as at December 31, 2019	<u>30,666,742</u>	<u>30,666,742</u>
Balance as at June 30, 2020	<u>103,354,250</u>	<u>103,302,588</u>

As at June 30, 2020 and December 31, 2019, the Company and its subsidiary had equipment which were fully depreciated but still in use with the cost price of Baht 39.18 million and Baht 34.60 million, respectively, (for the Company’s only amounting of Bah 39.18 million and Baht 34.60 million, respectively).

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#### 14. RIGHT-OF-USE ASSETS

The net book value of right-of-use assets related to building and building improvement and the movement for the six-month period ended June 30, 2020 are presented below.

	Baht
	Consolidated financial statements/ Separate financial statements
	Buildings and building improvement
<b>Cost</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	2,814,619
As at January 1, 2020	2,814,619
Addition	-
Written-off	-
As at June 30, 2020	2,814,619
<b>Accumulated depreciation</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	-
As at January 1, 2020	-
Depreciation for the period	469,104
Depreciation - written-off	-
As at June 30, 2020	469,104
<b>Net book value</b>	
As at December 31, 2019	-
As at January 1, 2020	2,814,619
As at June 30, 2020	2,345,515

#### 15. 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.

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#### 16. CUSTOMER RELATIONSHIP

Changes in customer relationship for the six-month period ended June 30, 2020 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements/Separate financial Statements</u>
<u>At cost</u>	
Balance as at December 31, 2019	104,307,663
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2020	<u>104,307,663</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2019	(46,027,850)
Amortization for the period	(7,430,135)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2020	<u>(53,457,985)</u>
<u>Net book value</u>	
Balance as at December 31, 2019	<u>58,279,813</u>
Balance as at June 30, 2020	<u>50,849,678</u>

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## 17. INTANGIBLE ASSETS

Changes in intangible assets for the six-month period ended June 30, 2020 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial Statements</u>
<u>At cost</u>	
Balance as at December 31, 2019	38,942,216
Acquisitions during the period	763,437
Disposals and write-off during the period	<u>(168,297)</u>
Balance as at June 30, 2020	<u>39,537,356</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2019	(17,995,143)
Amortization for the period	(2,017,197)
Accumulated amortization on disposals and write-off	<u>168,296</u>
Balance as at June 30, 2020	<u>(19,844,044)</u>
<u>Net book value</u>	
Balance as at December 31, 2019	<u>20,947,073</u>
Balance as at June 30, 2020	<u>19,693,312</u>

As at June 30, 2020 and December 31, 2019, the Company and its subsidiary had intangible assets, which were fully amortized but still in use with the cost price of Baht 3.42 million and Baht 1.96 million, respectively (for the Company’s only amounting of Baht 3.42 million and Baht 1.96 million, respectively).

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## 18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables were consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2020	As at December 31, 2019 (Reclassified Note 25)	As at June 30, 2020	As at December 31, 2019 (Reclassified Note 25)
Trade payables				
Trade payables - other companies	118,903,130	104,648,825	118,462,904	104,648,825
Other current payables				
Accrued commission expenses	13,420,815	16,746,476	13,420,815	16,746,476
Accrued bonus	10,184,586	18,568,265	10,184,586	18,568,265
Advance from customers for goods and services	46,764,623	34,517,307	27,867,057	28,141,860
Other accrued expenses	12,711,156	16,005,979	12,615,331	15,848,452
Account payable - Revenue department	2,638,740	3,942,216	2,592,909	3,940,444
Other deposit	950,940	1,491,920	950,940	1,491,920
Other	6,013,269	3,917,332	6,013,269	3,917,332
Total	92,684,129	95,189,495	73,644,907	88,654,749
Total trade and other current payables	211,587,259	199,838,320	192,107,811	193,303,574

## 19. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the six-month period ended June 30, 2020 are presented below.

	Baht	
	Consolidated financial statements	Separate financial statements
As at December 31, 2019	-	-
Effects of the adoption of TFRS16	2,814,619	2,814,619
As at January 1, 2020	2,814,619	2,814,619
Addition	-	-
Accretion of interest	66,530	66,530
Payments	(512,460)	(512,460)
Decrease from contract cancellation	-	-
As at June 30, 2020	2,368,689	2,368,689
Less: current portion	(903,953)	(903,953)
Lease liabilities - net of current portion	1,464,736	1,464,736

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The following are the amounts recognized in profit or loss for the three-month and six-month periods ended June 30 ,2020

	Baht			
	For the three-month period ended June 30 ,2020		For the six-month period ended June 30 ,2020	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Depreciation of right-of-use assets	234,552	234,552	469,104	469,104
Interest expense on lease liabilities	38,809	38,809	66,530	66,530
Expense relating to short-term lease	2,761,963	2,694,481	5,655,634	5,521,755
Leases of low-value assets	63,600	63,600	127,200	127,200
Total	<u>3,098,924</u>	<u>3,031,442</u>	<u>6,318,468</u>	<u>6,184,589</u>

For the three-month and six-month periods ended June 30, 2020, the Company and its subsidiary had rental income from investment property in the amount of Baht 3,081,793 and Baht 6,295,294, respectively (for the Company’s only amounting to Baht 3,014,311 and Bath 6,161,415, respectively)

## 20. APPROPRIATION OF RETAINED EARNINGS

According to Board of Directors’ Meeting No. 3/2020, held on April 16, 2020, the directors approved the interim dividend payment at the rate of 0.18 baht per share for the issued and paid-up shares of 584,500,000 shares, amounting to Baht 105,210,000. The dividend was paid on May 15, 2020. In addition, the interim dividend payment has been considered and acknowledged from the Annual General Meeting of Shareholders for the year 2020, on August 3, 2020 (Note 26.2).

## 21. OPERATING SEGMENT

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

The Company comprises the following main business segments:

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



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Operating segment by business in the consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

	Thousand Baht									
	Consolidated financial statements									
	For the three-month period ended June 30, 2020					For the six-month period ended June 30, 2020				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	111,907	14,519	53,351	74,163	253,940	240,660	30,570	109,623	148,612	529,465
Revenue from rendering of services	28,445	-	-	10,210	38,655	46,804	-	-	20,618	67,422
Cost of sale of goods	(79,792)	(9,931)	(36,531)	(41,898)	(168,152)	(170,264)	(20,710)	(73,404)	(82,621)	(346,999)
Cost of rendering of services	(25,100)	-	-	(8,550)	(33,650)	(42,683)	-	-	(16,489)	(59,172)
Gross profit	<u>35,460</u>	<u>4,588</u>	<u>16,820</u>	<u>33,925</u>	<u>90,793</u>	<u>74,517</u>	<u>9,860</u>	<u>36,219</u>	<u>70,120</u>	<u>190,716</u>
Other income					4,070					10,443
Distribution cost					(26,589)					(55,667)
Administrative expenses					(34,517)					(68,404)
Profit from operation					33,757					77,088
Finance cost					(39)					(67)
Income tax expense					(6,764)					(15,266)
Profit for the periods					26,954					61,755
Other comprehensive income (expense)					(292)					(391)
Total comprehensive income for the periods					<u>26,662</u>					<u>61,364</u>

	Thousand Baht									
	Separate financial statements									
	For the three-month period ended June 30, 2020					For the three-month period ended June 30, 2019				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	111,907	14,519	53,351	72,666	252,443	136,301	19,719	54,956	84,921	295,897
Revenue from rendering of services	28,445	-	-	9,655	38,100	39,953	-	-	8,792	48,745
Cost of sale of goods	(79,792)	(9,931)	(36,531)	(40,490)	(166,744)	(99,550)	(14,406)	(36,766)	(46,927)	(197,649)
Cost of rendering of services	(25,100)	-	-	(8,548)	(33,648)	(32,759)	-	-	(8,204)	(40,963)
Gross profit	<u>35,460</u>	<u>4,588</u>	<u>16,820</u>	<u>33,283</u>	<u>90,151</u>	<u>43,945</u>	<u>5,313</u>	<u>18,190</u>	<u>38,582</u>	<u>106,030</u>
Distribution cost					4,722					6,757
Selling expenses					(26,016)					(29,760)
Administrative expenses					(34,297)					(38,327)
Profit from operation					34,560					44,700
Finance cost					(39)					-
Income tax expense					(6,880)					(8,909)
Profit for the periods					27,641					35,791
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>27,641</u>					<u>35,791</u>

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Thousand Baht										
Separate financial statements										
	For the six-month period ended June 30, 2020					For the six-month period ended June 30, 2019				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	240,660	30,570	109,623	145,404	526,257	252,315	43,713	127,920	175,919	599,867
Revenue from rendering of services	46,804	-	-	20,064	66,868	59,136	-	-	15,964	75,100
Cost of sale of goods	(170,264)	(20,710)	(73,404)	(80,135)	(344,513)	(184,170)	(32,193)	(86,222)	(103,647)	(406,232)
Cost of rendering of services	(42,683)	-	-	(16,487)	(59,170)	(52,566)	-	-	(15,887)	(68,453)
Gross profit	<u>74,517</u>	<u>9,860</u>	<u>36,219</u>	<u>68,846</u>	<u>189,442</u>	<u>74,715</u>	<u>11,520</u>	<u>41,698</u>	<u>72,349</u>	<u>200,282</u>
Distribution cost					10,019					15,166
Selling expenses					(54,662)					(57,041)
Administrative expenses					(67,954)					(73,610)
Profit from operation					76,845					84,797
Finance cost					(67)					-
Income tax expense					(15,270)					(16,808)
Profit for the periods					61,508					67,989
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>61,508</u>					<u>67,989</u>

Operating segment by business in the statement of financial position as at June 30, 2020 and December 31, 2019 were as follows:

Thousand Baht										
Consolidated financial statements										
	As at June 30, 2020					As at December 31, 2019				
	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	134,300	16,172	34,195	54,731	239,398	144,452	21,196	61,169	61,850	288,667
Inventories	139,217	11,737	69,427	91,386	311,767	144,012	9,518	73,452	78,058	305,040
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	36,724	14,126	50,850	-	-	42,092	16,188	58,280
Assets under common use										
- Investment property	-	-	-	-	154,917	-	-	-	-	229,967
- Property, plant and equipment	-	-	-	-	103,354	-	-	-	-	30,667
- Intangible assets	-	-	-	-	19,693	-	-	-	-	20,947
- Others	-	-	-	-	347,559	-	-	-	-	328,057
Total assets for reportable segments	<u>273,517</u>	<u>27,909</u>	<u>340,412</u>	<u>294,849</u>	<u>1,562,210</u>	<u>288,464</u>	<u>30,714</u>	<u>376,779</u>	<u>290,702</u>	<u>1,596,297</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,635</u>

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Thousand Baht										
Separate financial statements										
As at June 30, 2020										
As at December 31, 2019										
	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	134,300	16,172	34,195	52,187	236,854	144,452	21,196	61,169	64,857	291,674
Inventories	139,217	11,737	69,427	72,132	292,513	144,012	9,518	73,452	75,800	302,782
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	36,724	14,126	50,850	-	-	42,092	16,188	58,280
Assets under common use										
- Investment property	-	-	-	-	154,917	-	-	-	-	229,967
- Property, plant and equipment	-	-	-	-	103,303	-	-	-	-	30,667
- Intangible assets	-	-	-	-	19,693	-	-	-	-	20,947
- Others	-	-	-	-	351,099	-	-	-	-	321,799
Total assets for reportable segments	<u>273,517</u>	<u>27,909</u>	<u>340,412</u>	<u>273,051</u>	<u>1,543,901</u>	<u>288,464</u>	<u>30,714</u>	<u>376,779</u>	<u>291,451</u>	<u>1,590,788</u>
Total liabilities for reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,100</u>

## 22. 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 ended June 30,		For the six-month periods ended June 30,	
	2020		2020	
Profit for the periods of percent company (Baht)		26,954,373		61,754,856
Weighted average number of ordinary shares (Shares)		584,500,000		584,500,000
Basic earnings per share (Baht per share)		0.05		0.11
	Separate financial Statements			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2020		2019	
Profit for the periods of percent company (Baht)	27,640,524	35,791,476	61,508,222	67,988,839
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)	0.05	0.06	0.11	0.12

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## 23. COMMITMENTS AND CONTINGENT LIABILITIES

As at June 30, 2020 and December 31, 2019, the Company and its subsidiary had commitments and contingent liabilities as follows:

23.1 As at June 30, 2020 and December 31, 2019, the Company and its subsidiary have letters of guarantee issued by banks for goods and work under system installation service agreement of:

	Consolidated financial statements		Separate financial statements	
	As at June	As at December	As at June	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Million Bath	31.15	26.98	31.15	26.98
Million US dollars	0.27	0.27	0.27	0.27

23.2 The credit facilities with financial institutions as at June 30, 2020 and December 31, 2019 consisted of:

Type of credit	Consolidated financial statements/ Separate financial statements			
	Facilities (Million Baht)		Referred interest rate (% per annum)	
	As at June	As at December	As at June	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
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	74.00	54.00	1.25 - 2%	1.25 - 2%
Forward exchange contracts	562.39	562.39	-	-
Promissory notes	5.00	5.00	MLR	MLR
Total	<u>812.39</u>	<u>792.39</u>		
Forward foreign exchange contracts (Million US dollars)	<u>7.00</u>	<u>7.00</u>		

23.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at June	As at December	As at June	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Due not later than 1 year	2.47	10.10	2.33	9.86
Due later than 1 year but not later than 5 years	1.62	11.71	1.59	11.71

During the period, the Company and its subsidiaries recognized right-of-use assets from lease agreements as illustrated in Note 14 to the interim financial statements.

Rental and service expenses for the six-month period ended June 30, 2020 and 2019 are Baht 6.76 million and Baht 7.03 million, respectively (for the Company's only to Baht 6.63 million and Baht 7.03 million, respectively)

#### 23.4 Guarantee

As at January 7, 2020, The Company has guaranteed the product cost to Harn Vietnam Co., Ltd. “subsidiary” in Vietnam under the product sale agreement in the full amount of 472,586 Pound Sterling.

#### 24. FAIR VALUE MEASUREMENT

The Company and its subsidiary 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 and its subsidiary 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, 2020 and December 31, 2019, the Company and its subsidiary 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 statement			
	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in bond	-	59,987,444	-	59,987,444
Investments in investment units	-	6,986,215	-	6,986,215
Foreign currency forward contracts	-	(1,971,331)	-	(1,971,331)

	Baht			
	Consolidated financial statements/Separate financial statement			
	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in bond	-	59,620,756	-	59,620,756
Investments in investment units	-	64,857,167	-	64,857,167
Foreign currency forward contracts	-	135,819	-	135,819

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, 2020 and December 31, 2019.

Financial assets and financial liabilities	Fair value (Baht)		Fair value Hierarchy	Valuation techniques and key inputs for fair value measurement
	Consolidated financial statements/Separate financial statements			
	As at June 30, 2020	As at December 31, 2019		
<b>Financial assets (liabilities)</b>				
Foreign currency forward contracts	(1,971,331)	135,819	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.

25. RECLASSIFICATION

Certain amounts in the statement of financial position as at December 31, 2019 have been reclassified to conform to the current year’s classification but with no effect to previously reported net income or shareholders’ equity. The reclassifications were as follow:

	Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	As previously reported	Reclassified increase (decrease)	As reclassified	As previously reported	Reclassified increase (decrease)	As reclassified
Trade and other current receivables	194,404	5,434	199,838	187,871	5,432	193,303
Other current liabilities	6,547	(5,434)	1,113	6,545	(5,432)	1,113

26. EVENTS AFTER THE REPORTING PERIOD

26.1 Establishment of a subsidiary in Thailand

On July 8, 2020, The Company joined invest in developing the digital business with Aiyarafun Group by establishment of company under the name “Aiyaraharn Company Limited” with the registered capital of Baht 2 million. The Company and the joint investor in Aiyarafun Group hold the shares in such company at 65 percent and 35 percent of the registered capital, respectively. The establishment of such company was in accordance with the resolution of the Board of Directors’ Meeting No. 4/2020, held on May 14, 2020. The new registered company will have status as the company’s subsidiary. Such investment has an objective to develop IT Products and Solutions system. The operation plan will focus in rendering Smart Building service, in order to extending the existing business of Aiyarafun Group and expending the business for further growth.

26.2 Appropriation of retained earnings

According to the Annual General Meeting of shareholders for the year 2020, held on August 3, 2020, the shareholders approved the appropriation of legal reserve at 5% of annual net profit in the amount of Baht 2.16 million and considered the acknowledgement the interim dividend payment approved by the Board of directors’ meeting No.3/2020 held on April 16, 2020 (Note 20).

27. CORONAVIRUS DISEASE 2019 PANDEMIC

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation affects the results of operations of the Company and its subsidiaries, recognition and measurement of assets and liabilities in the financial statements. Nevertheless, the management will continue to monitor the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

28. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on August 13, 2020.