

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

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 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 subsidiaries as at September 30, 2020 and the related consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2020, 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, 2020

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**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020**

		<u>ASSETS</u>				
		Baht				
		Consolidated financial statements		Separate financial statements		
		As at September	As at December	As at September	As at December	
Note		30, 2020	31, 2019	30, 2020	31, 2019	
<b>CURRENT ASSETS</b>						
	Cash and cash equivalents	246,082,986	127,099,721	239,030,710	120,123,681	
	Temporary investments	10	-	124,477,923	-	124,477,923
	Trade and other current receivables	5, 6	263,944,373	316,114,477	263,012,895	319,085,352
	Current portion of lease receivables	7	7,672,834	6,837,622	7,672,834	6,837,622
	Unbilled receivables	11,481,381	9,566,298	10,676,721	9,566,298	
	Short-term loans to related subsidiary	5, 8	-	-	6,298,000	-
	Inventories	9	283,557,757	305,039,856	281,520,032	302,782,483
	Other current financial assets	10	6,355,322	-	6,355,322	-
	Other current assets	807,527	726,617	775,963	422,726	
	<b>TOTAL CURRENT ASSETS</b>	<b>819,902,180</b>	<b>889,862,514</b>	<b>815,342,477</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	10,607,610	7,990,909	10,607,610	7,990,909
	Investment in subsidiaries	11	-	-	2,357,444	1,057,444
	Investment property	12	154,754,381	229,967,576	154,754,381	229,967,576
	Property, plant and equipment	13	105,603,220	30,666,742	105,553,182	30,666,742
	Goodwill	15	334,672,061	334,672,061	334,672,061	334,672,061
	Customer relationship	16	47,093,786	58,279,813	47,093,786	58,279,813
	Intangible assets	17	18,673,727	20,947,073	18,673,727	20,947,073
	Deferred tax assets	2,136,721	-	2,129,296	-	
	Other non-current assets	25,006,804	23,668,992	25,006,804	23,668,992	
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>698,790,155</b>	<b>706,435,011</b>	<b>701,090,136</b>	<b>707,492,455</b>	
	<b>TOTAL ASSETS</b>	<b>1,518,692,335</b>	<b>1,596,297,525</b>	<b>1,516,432,613</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 SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT SEPTEMBER 30, 2020**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at September	As at December	As at September	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	161,131,705	199,838,320	159,799,405	193,303,574
Corporate income tax payable		5,625,651	21,183,499	5,505,187	21,183,499
Other current provisions		1,568,870	1,455,735	1,568,870	1,455,735
Other current liabilities		1,580,620	1,113,258	1,567,587	1,113,259
<b>TOTAL CURRENT LIABILITIES</b>		<b>169,906,846</b>	<b>223,590,812</b>	<b>168,441,049</b>	<b>217,056,067</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities		-	2,166,298	-	2,166,298
Non-current provisions for employee benefit		27,077,639	25,513,846	27,042,081	25,513,846
Other non-current liabilities		24,886,705	23,364,196	24,886,705	23,364,196
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>51,964,344</b>	<b>51,044,340</b>	<b>51,928,786</b>	<b>51,044,340</b>
<b>TOTAL LIABILITIES</b>		<b>221,871,190</b>	<b>274,635,152</b>	<b>220,369,835</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 SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT SEPTEMBER 30, 2020**

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

	Baht				
	Consolidated financial statements		Separate financial statements		
	As at September	As at December	As at September	As at December	
Note	30, 2020	31, 2019	30, 2020	31, 2019	
<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	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	198,262,318	223,824,610	198,171,351	224,796,706
	Other components of shareholders' equity	(54,711)	(53,664)	-	-
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF</b>					
<b>THE PARENT</b>					
		1,296,099,034	1,321,662,373	1,296,062,778	1,322,688,133
Non-controlling interest					
		722,111	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>					
		1,296,821,145	1,321,662,373	1,296,062,778	1,322,688,133
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		1,518,692,335	1,596,297,525	1,516,432,613	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 SUBSIDIARIES**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Revenues from sales	5	251,748,310	291,570,263	232,629,956	291,570,263
Revenue from rendering of services		35,771,011	31,834,106	33,552,468	31,834,106
Other income	5	3,133,433	5,993,334	3,262,094	5,993,334
Total revenues		<u>290,652,754</u>	<u>329,397,703</u>	<u>269,444,518</u>	<u>329,397,703</u>
Expenses					
Cost of sales		175,274,843	193,892,208	157,297,914	193,892,208
Cost of rendering of services		30,860,376	27,901,108	28,762,392	27,901,108
Distribution cost		25,571,992	29,253,386	25,678,529	29,253,386
Administrative expenses	5	36,699,978	33,031,648	36,427,067	32,859,578
Total expenses		<u>268,407,189</u>	<u>284,078,350</u>	<u>248,165,902</u>	<u>283,906,280</u>
Profit from operating activities		<u>22,245,565</u>	<u>45,319,353</u>	<u>21,278,616</u>	<u>45,491,423</u>
Finance cost	5	<u>12,189</u>	<u>-</u>	<u>12,189</u>	<u>-</u>
Profit before income tax expenses		<u>22,233,376</u>	<u>45,319,353</u>	<u>21,266,427</u>	<u>45,491,423</u>
Income tax expenses		<u>4,318,845</u>	<u>9,052,814</u>	<u>4,190,436</u>	<u>9,052,814</u>
Profit for the period		<u>17,914,531</u>	<u>36,266,539</u>	<u>17,075,991</u>	<u>36,438,609</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statements		389,981	(6,557)	-	-
		<u>389,981</u>	<u>(6,557)</u>	<u>-</u>	<u>-</u>
Other comprehensive income (expense) for the period, net of tax		<u>389,981</u>	<u>(6,557)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>18,304,512</u>	<u>36,259,982</u>	<u>17,075,991</u>	<u>36,438,609</u>
Profit attributable to					
Owners of the parent		17,892,420	36,266,539	17,075,991	36,438,609
Non-controlling interest		22,111	-	-	-
		<u>17,914,531</u>	<u>36,266,539</u>	<u>17,075,991</u>	<u>36,438,609</u>
Total comprehensive income attributable to					
Owners of the parent		18,282,401	36,259,982	17,075,991	36,438,609
Non-controlling interest		22,111	-	-	-
		<u>18,304,512</u>	<u>36,259,982</u>	<u>17,075,991</u>	<u>36,438,609</u>
Basic earnings per share	22				
Profit attributable to owners of the parent		<u>0.03</u>	<u>0.06</u>	<u>0.03</u>	<u>0.06</u>
Weighted average number of ordinary shares (shares)		<u>584,500,000</u>	<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

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

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Revenues</b>					
Revenues from sales	5	781,213,272	891,437,038	758,888,404	891,437,038
Revenue from rendering of services		103,193,240	106,934,271	100,419,846	106,934,271
Other income	5	13,576,641	21,159,446	13,280,712	21,159,446
Total revenues		<u>897,983,153</u>	<u>1,019,530,755</u>	<u>872,588,962</u>	<u>1,019,530,755</u>
<b>Expenses</b>					
Cost of sales		522,274,928	600,124,598	501,812,046	600,124,598
Cost of rendering of services		90,032,417	96,354,059	87,932,629	96,354,059
Distribution cost		81,239,094	86,294,441	80,340,747	86,294,441
Administrative expenses	5	105,102,666	106,641,590	104,380,612	106,469,520
Total expenses		<u>798,649,105</u>	<u>889,414,688</u>	<u>774,466,034</u>	<u>889,242,618</u>
Profit from operating activities		99,334,048	130,116,067	98,122,928	130,288,137
Finance cost	5	78,719	-	78,719	-
Profit before income tax expenses		99,255,329	130,116,067	98,044,209	130,288,137
Income tax expenses		19,585,942	25,860,689	19,459,996	25,860,689
Profit for the period		<u>79,669,387</u>	<u>104,255,378</u>	<u>78,584,213</u>	<u>104,427,448</u>
<b>Other comprehensive income</b>					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statements		(1,047)	(6,557)	-	-
		<u>(1,047)</u>	<u>(6,557)</u>	<u>-</u>	<u>-</u>
Other comprehensive income (expense) for the period, net of tax		(1,047)	(6,557)	-	-
Total comprehensive income for the period		<u>79,668,340</u>	<u>104,248,821</u>	<u>78,584,213</u>	<u>104,427,448</u>
<b>Profit attributable to</b>					
Owners of the parent		79,647,276	104,255,378	78,584,213	104,427,448
Non-controlling interest		22,111	-	-	-
		<u>79,669,387</u>	<u>104,255,378</u>	<u>78,584,213</u>	<u>104,427,448</u>
<b>Total comprehensive income attributable to</b>					
Owners of the parent		79,646,229	104,248,821	78,584,213	104,427,448
Non-controlling interest		22,111	-	-	-
		<u>79,668,340</u>	<u>104,248,821</u>	<u>78,584,213</u>	<u>104,427,448</u>
<b>Basic earnings per share</b>					
Profit attributable to owners of the parent	22	0.14	0.18	0.13	0.18
Weighted average number of ordinary shares (shares)		<u>584,500,000</u>	<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 SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

		Baht							
		Consolidated financial statements							
		Equity attributable to owners of the parent				Non-controlling	Total		
		Issued and	Premium on	Retained earnings		Other components	Total equity	interest	shareholders'
		paid-up	ordinary shares	Appropriated	Unappropriated	of equity	attributable to	-	equity
		share capital		legal reserve		Exchange differences	owners		
						on translating	of the parent		
						financial			
						statements			
Note									
	Beginning balance as at January 1, 2019	292,250,000	776,416,427	27,068,831	171,470,190	-	1,267,205,448	-	1,267,205,448
	Dividend	-	-	-	(93,519,936)	-	(93,519,936)	-	(93,519,936)
	Total comprehensive income for the period								
	Profit for the period	-	-	-	104,255,378	-	104,255,378	-	104,255,378
	Other comprehensive income (expense)								
	for the period	-	-	-	-	(6,557)	(6,557)	-	(6,557)
	Ending balance as at September 30, 2019	<u>292,250,000</u>	<u>776,416,427</u>	<u>27,068,831</u>	<u>182,205,632</u>	<u>(6,557)</u>	<u>1,277,934,333</u>	<u>-</u>	<u>1,277,934,333</u>
	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	-	1,321,662,373
	Dividend	-	-	-	(105,209,568)	-	(105,209,568)	-	(105,209,568)
	Total comprehensive income for the period								
	Profit for the period	-	-	-	79,647,276	-	79,647,276	22,111	79,669,387
	Other comprehensive income (expense)								
	for the period	-	-	-	-	(1,047)	(1,047)	-	(1,047)
	Changes in non-controlling interest								
	Acquisition on investment in								
	subsidiary	-	-	-	-	-	-	700,000	700,000
	Ending balance as at September 30, 2020	<u>292,250,000</u>	<u>776,416,427</u>	<u>29,225,000</u>	<u>198,262,318</u>	<u>(54,711)</u>	<u>1,296,099,034</u>	<u>722,111</u>	<u>1,296,821,145</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 SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 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					
	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>
	Beginning balance as at January 1, 2020	292,250,000	776,416,427	29,225,000	224,796,706	1,322,688,133
20	Dividend	-	-	-	(105,209,568)	(105,209,568)
	Total comprehensive income for the period					
	Profit for the period	-	-	-	78,584,213	78,584,213
	Ending balance as at September 30, 2020	<u>292,250,000</u>	<u>776,416,427</u>	<u>29,225,000</u>	<u>198,171,351</u>	<u>1,296,062,778</u>

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

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

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit for the period	79,669,387	104,255,378	78,584,213	104,427,448
Adjustment to reconcile profit for the period to net cash provided by (used in) operating activities :				
Bad debt and allowance for doubtful account (reversal)	6,233,636	1,884,679	6,232,071	1,884,679
Depreciation and amortization	13,290,380	12,632,155	13,281,866	12,632,155
Amortization of customer relationship	11,186,027	11,145,203	11,186,027	11,145,203
Loss on devaluation of inventories	2,102,310	5,114,223	2,102,310	5,114,223
(Gain) loss on disposals of equipment and right-of-use assets	1,202,320	(192,119)	1,202,320	(192,119)
Unrealized (gain) loss on exchange rate	(108,348)	196,256	(54,176)	196,256
(Gain) loss on disposals of investment	(3,380,909)	(902,711)	(3,380,909)	(902,711)
Unrealized (gain) loss on revaluation of other current financial assets	5,032,953	(1,467,467)	5,032,953	(1,467,467)
Interest income	(835,944)	(90,488)	(1,051,361)	(90,488)
Employee's benefit expenses	1,963,794	5,492,573	1,928,235	5,492,573
Finance cost	78,719	-	78,719	-
Income tax expense	19,585,942	25,860,689	19,459,996	25,860,689
Profit from operating before changes in operating assets and liabilities	136,020,267	163,928,371	134,602,264	164,100,441
(Increase) decrease in operating assets				
Trade and other current receivables	49,387,709	(1,753,373)	50,108,016	(1,753,373)
Lease receivables	(3,480,536)	8,035,831	(3,480,536)	8,035,831
Unbilled receivables	(1,937,552)	2,173,492	(1,132,891)	2,173,492
Inventories	16,981,531	(5,783,777)	16,761,882	(5,783,777)
Other current assets	(80,911)	173,044	(353,237)	173,044
Other non-current assets	(1,337,812)	(1,415,514)	(1,337,812)	(1,415,514)

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

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

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Increase (decrease) in operating liabilities				
Trade and other current payables	(44,157,094)	(31,401,689)	(35,482,076)	(31,401,689)
Short-term provisions	113,135	635,120	113,135	635,120
Other current liabilities	467,360	1,245,923	454,328	1,245,923
Non-current provisions for employee benefit	(400,000)	(629,000)	(400,000)	(629,000)
Other non-current liabilities	1,522,508	790,102	1,522,508	790,102
Cash generated (paid) from operating	153,098,605	135,998,530	161,375,581	136,170,600
Income tax paid	(39,446,811)	(38,213,150)	(39,433,901)	(38,213,150)
Net cash provided by (used in) operating activities	113,651,794	97,785,380	121,941,680	97,957,450
Cash flows from investing activities				
Cash payments for purchase of temporary investments	-	(184,555,615)	-	(184,555,615)
Cash receipts from redemption of temporary investments	116,885,007	230,299,806	116,885,007	230,299,806
Cash payments for short-term loans	-	-	(6,352,000)	-
Cash payment for acquisition of investment in subsidiary	-	-	(1,300,000)	(1,057,444)
Cash payments for purchases of equipment	(6,391,299)	(1,069,875)	(6,332,729)	(1,069,875)
Cash receipts from disposal of equipment	214,451	1,184,202	214,451	1,184,202
Cash payments for purchases of intangible assets	(763,437)	(346,953)	(763,437)	(346,953)
Interest received	421,495	47,891	421,495	47,891
Net cash provided by (used in) investing activities	110,366,217	45,559,456	102,772,787	44,502,012
Cash flows from financing activities				
Cash payments for lease liabilities	(597,870)	-	(597,870)	-
Cash receipts from investments in subsidiary of non-controlling interest	700,000	-	-	-
Dividend paid	(105,209,568)	(93,519,936)	(105,209,568)	(93,519,936)
Net cash provided by (used in) financing activities	(105,107,438)	(93,519,936)	(105,807,438)	(93,519,936)

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

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

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net increase (decrease) in cash and cash equivalents	118,910,573	49,824,900	118,907,029	48,939,526
Cash and cash equivalents at beginning of period	127,099,721	29,310,563	120,123,681	29,310,563
Effect of translation adjustment on foreign currency financial statements	72,692	(6,557)	-	-
Cash and cash equivalents at end of period	<u>246,082,986</u>	<u>79,128,906</u>	<u>239,030,710</u>	<u>78,250,089</u>

Supplemental 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 475,280 426,371 475,280 426,371

Inventories transferred to equipment (2,398,259) (3,537,825) (2,398,259) (3,537,825)

Add Purchases of equipment and intangible assets 11,637,957 5,856,289 11,579,387 5,856,289

Less Cash payments (7,154,736) (1,416,828) (7,096,166) (1,416,828)

Liabilities incurred from acquisition of

fixed assets and intangible assets - ending of period 2,560,242 1,328,007 2,560,242 1,328,007

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) -

**HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SURSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 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.

Subsidiaries

1) Harn Vietnam Company Limited 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

2) Aiyaraharn Company Limited is a company established in Thailand on July 8, 2020.

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

Locate at: 559 Soi Soonvijai 4, Rama 9 Road, Bangkok, Huaykwang, Bangkok 10310, Thailand.

(b) Nature of the Company's operations

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

The subsidiary 1 operates the main business related to the selling of printing equipment and subsidiary 2 operates in providing Smart Building Business Solution.

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 subsidiaries as follows;

Company name	Type of business	Percentage of shareholding % of share capital		Country of establishment
		As at September 30, 2020	As at December 31, 2019	
<b>Direct shareholding</b>				
Harn Vietnam Co., Ltd.	Printing equipment	100.00	100.00	Vietnam
Aiyaraharn Co., Ltd.	Building-IoT Solutions	65.00	-	Thailand

Year 2019

The Company had purchased the investment in Harn Vietnam Co., Ltd. at 100% of total number of shares 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.

Year 2020

The Company jointly invested in establishing “Aiyaraharn Co., Ltd.” The Company and joint investor hold 65 percent and 35 percent stake of the total shares issued in such company, respectively. Therefore, the Company has consolidated the financial statements of such in the preparation of consolidated financial statements of the group of the company from July 8, 2020 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 Subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries 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 is cancelled.

The Company and its subsidiaries 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 subsidiaries had adopted TFRS 16, which the Company and its subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Company and its subsidiaries 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 subsidiaries 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 subsidiaries measure financial liabilities at fair value. The Company and its subsidiaries reclassify all financial liabilities as subsequently measured at amortised cost, except for derivatives.

### **Recognition and derecognition**

The Company and its subsidiaries shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company and its subsidiaries 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 subsidiaries 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 subsidiaries have transferred substantially all the risks and rewards of ownership of the financial assets.

### **Impairment**

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

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

**“UNAUDITED”**

**“REVIEWED”**

- 23 -

	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 subsidiaries. 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 its subsidiaries 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 subsidiaries 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: Short-term leases recognized on a straight-line basis as expenses</u>	(3,393)	(3,161)
<u>Less: Termination options reasonably certain to be exercised</u>	(12,580)	(12,580)
<u>Less: Contracts reassessed as service agreements</u>	(2,756)	(2,756)
	3,075	3,075
<u>Less: Deferred interest expenses</u>	(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	Separate



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

## 5. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries 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
Aiyaraharn Co., Ltd.	Thailand	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 Plc.	Thailand	Related company	Directorships and/or common shareholders
Jannopsiri 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

	Pricing Policy
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:

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As at September 30, 2020			
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Mr. Jain Charnnarong	3.9 year	53,100
	Harn Engineering Co., Ltd.	3.9 year	413,916

During the period ended September 30, 2020, there were rental agreements that were cancelled had been shown as follows:

	Lessor	Period	Rate per month (Baht)
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 September 30, 2020 and December 31, 2019 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Trade and other current receivables				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	219,050	3,238,895
Aiyaraham Co., Ltd.	-	-	50,000	-
Related company				
Harn Engineering Co., Ltd.	1,845,458	1,852,022	1,845,458	1,852,022
Nutrix Plc.	44,000	-	44,000	-
Jannopsiri Co., Ltd.	43,019	-	43,019	-
	<u>1,932,477</u>	<u>1,852,022</u>	<u>2,201,527</u>	<u>5,090,917</u>
Short-term loans to related parties				
Subsidiary				
Harn Vietnam Co., Ltd.	-	-	6,298,000	-
Payment deposit				
Related company				
Throughwave (Thailand) Co., Ltd.	-	5,229,668	-	5,229,668
Other current payable				
Related company				
Throughwave (Thailand) Co., Ltd.	-	2,988,382	-	2,988,382

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



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	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
Sale of goods				
Subsidiary				
Harn Vietnam Co., Ltd.	-	-	200,796	-
Related companies				
Nutrix Plc.	-	-	81,888	-
Jannopsiri Co., Ltd.	40,205	-	40,205	-
	<u>40,205</u>	<u>-</u>	<u>122,093</u>	<u>-</u>
Other income				
Subsidiaries				
Harn Vietnam Co., Ltd.	100,526	-	215,417	-
Aiyaraharn Co., Ltd.	50,000	-	50,000	-
Related company				
Phraboriban Co., Ltd.	28,137	-	28,137	-
	<u>178,663</u>	<u>-</u>	<u>293,554</u>	<u>-</u>
Purchase of equipment				
Related company				
Throughwave (Thailand) Co., Ltd.	-	484,000	-	484,000
Office rental and service expenses				
Related companies				
Harn Engineering Co., Ltd.	1,241,748	1,496,988	3,725,244	4,490,964
Phraboriban Co., Ltd.	195,490	842,700	1,368,430	2,528,100
Related person				
Mr. Jain Charnnarong	159,300	159,300	477,900	477,900
	<u>1,596,538</u>	<u>2,498,988</u>	<u>5,571,574</u>	<u>7,496,964</u>
Interest expenses from lease liabilities				
Related company				
Phraboriban Co., Ltd.	12,189	-	78,719	-
Directors remuneration				
Directors remuneration	785,000	1,010,000	2,735,000	2,995,000
Management benefit expenses				
Shot-term employee’s benefits	2,667,966	2,414,685	8,655,094	8,184,915
Post-employment benefits	80,100	73,560	233,040	269,332
	<u>3,533,066</u>	<u>3,498,245</u>	<u>11,623,134</u>	<u>11,449,247</u>

6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Trade receivable				
Trade receivables - subsidiary	-	-	3,632	3,238,895
Trade receivables - other companies	238,262,972	288,666,770	237,855,782	288,435,152
Total	238,262,972	288,666,770	237,859,414	291,674,047
Less Allowance for doubtful accounts	(13,391,375)	(7,286,049)	(13,389,808)	(7,286,049)
Net	224,871,597	281,380,721	224,469,606	284,387,998
Other current receivables				
Other receivables - related parties	1,845,458	1,852,022	2,060,875	1,852,022
Other receivables - other companies	5,133,022	8,853,168	4,895,509	8,853,168
Accrued retentions	12,882,716	9,527,045	12,882,716	9,527,045
Deposit	11,998,580	8,762,613	11,991,173	8,746,087
Prepaid expenses	6,531,032	4,674,077	6,166,135	4,654,201
Accrued income	759,189	1,064,831	624,102	1,064,831
Total	39,149,997	34,733,756	38,620,510	34,697,354
Less Allowance for doubtful accounts	(77,221)	-	(77,221)	-
Net	39,072,776	34,733,756	38,543,289	34,697,354
Total trade and other current receivables	263,944,373	316,114,477	263,012,895	319,085,352

Trade receivables are classified by aging as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Current	141,320,463	187,039,492	141,116,892	186,855,915
Overdue				
Less than 3 months	77,629,167	83,826,501	77,425,572	87,017,355
Over 3 months up to 6 months	9,128,319	8,308,446	9,131,927	8,308,446
Over 6 months up to 12 months	5,152,572	5,356,651	5,152,572	5,356,651
Over 12 months	5,032,451	4,135,680	5,032,451	4,135,680
Total	238,262,972	288,666,770	237,859,414	291,674,047
Less Allowance for doubtful account	(13,391,375)	(7,286,049)	(13,389,808)	(7,286,049)
Trade receivables, net	224,871,597	281,380,721	224,469,606	284,387,998

## 7. LEASE RECEIVABLES

Lease receivables were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Lease receivables - printing devices	18,309,067	14,828,531	18,309,067	14,828,531
<u>Less</u> Allowance for doubtful account	(28,623)	-	(28,623)	-
	18,280,444	14,828,531	18,280,444	14,828,531
<u>Less</u> Current portion	(7,672,834)	(6,837,622)	(7,672,834)	(6,837,622)
Long-term lease receivables	<u>10,607,610</u>	<u>7,990,909</u>	<u>10,607,610</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 September 30, 2020 and December 31, 2019, are as follows:

	Baht			
	Consolidated financial statements/Separate financial statements			
	As at September 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	10,415,618	7,672,834	8,413,838	6,837,622
Over 1 year but less than 5 years	14,265,804	10,607,610	9,936,769	7,990,909
	24,681,422	18,280,444	18,350,607	14,828,531
<u>Less</u> Deferred interest	(6,400,978)	-	(3,522,076)	-
	<u>18,280,444</u>	<u>18,280,444</u>	<u>14,828,531</u>	<u>14,828,531</u>

## 8. SHORT-TERM LOANS TO SUBSIDIARY

Movements of short-term loans to subsidiary for the nine-month period ended September 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	-	(54,000)
Ending balance	<u>200,000</u>	<u>6,298,000</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

Inventories were consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Finished goods	269,091,032	285,842,722	267,565,050	283,585,349
Goods in transit	40,962,977	43,591,076	40,451,234	43,591,076
Total	310,054,009	329,433,798	308,016,284	327,176,425
<u>Less</u> Allowance for loss on devaluation of inventories	(26,496,252)	(24,393,942)	(26,496,252)	(24,393,942)
Net	<u>283,557,757</u>	<u>305,039,856</u>	<u>281,520,032</u>	<u>302,782,483</u>

Decline in value of inventory recognized as cost of goods sold for the three-month and nine-month periods ended September 30, 2020 were Baht 0.45 million and Baht 2.10 million, respectively (for the Company’s only amounting to Baht 0.45 million and 2.10 million, respectively).

10. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets were consisted of:

	Baht		
	Consolidated financial statements/ Separate financial statements		
	As at September 30, 2020		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Equity securities			
- Investment in units	9,625,255	(3,269,933)	6,355,322
Total	<u>9,625,255</u>	<u>(3,269,933)</u>	<u>6,355,322</u>

	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	<u>122,714,904</u>	<u>1,763,019</u>	<u>124,477,923</u>

## 11. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries consisted of:

Subsidiaries	Paid-up capital	Percentage of shareholding		Baht	
		(%)		Separate financial statements	
		As at September	As at December	Cost method	
		30, 2020	31, 2019	As at September	As at December
				30, 2020	31, 2019
Harn Vietnam Co., Ltd.	Vietnamese Dong 800 million	100.00	100.00	1,057,444	1,057,444
Aiyaraharn Co., Ltd.	Baht 2 million	65.00	-	1,300,000	-
Total				<u>2,357,444</u>	<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.

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.



## 12. INVESTMENT PROPERTY

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

	<u>Baht</u>
	<u>Consolidated financial Statements/Separate 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 September 30, 2020	<u>155,934,839</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2019	(1,982,424)
Depreciation for the period	(1,083,293)
Accumulated depreciation on disposals and write-off	-
Transfers	1,885,259
Balance as at September 30, 2020	<u>(1,180,458)</u>
<u>Net book value</u>	
Balance as at December 31, 2019	<u>229,967,576</u>
Balance as at September 30, 2020	<u><u>154,754,381</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 nine-month periods ended September 30, 2020 and 2019, the Company and its subsidiaries had rental income from investment property in the amount of Baht 0.88 million and Baht 2.84 million and Baht 5.22 million and Baht 8.46 million, respectively (for the Company’s only amounting to Baht 0.88 million and Baht 2.84 million and Baht 5.22 million and Baht 8.46 million, respectively) and operating expenses in the amount of Baht 0.24 million and Baht 0.84 million and Baht 1.31 million and Baht 2.01 million, respectively (for the Company’s only amounting to Baht 0.24 million and Baht 0.84 million and Baht 1.31 million and Baht 2.01 million, respectively), which was recognized in the statement of comprehensive income.

### 13. PROPERTY, PLANT AND EQUIPMENT

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

	Baht	
	Consolidated financial Statements	Separate financial Statements
<u>Cost</u>		
Balance as at December 31, 2019	96,664,900	96,664,900
Acquisitions during the period	10,858,934	10,801,830
Disposals and write-off during the period	(11,669,862)	(11,669,862)
Transfers	76,015,161	76,015,161
Balance as at September 30, 2020	<u>171,869,133</u>	<u>171,812,029</u>
<u>Accumulated depreciation</u>		
Balance as at December 31, 2019	(65,998,158)	(65,998,158)
Depreciation for the period	(8,607,451)	(8,600,385)
Accumulated depreciation on disposals and write-off	10,224,955	10,224,955
Transfers	(1,885,259)	(1,885,259)
Balance as at September 30, 2020	<u>(66,265,913)</u>	<u>(66,258,847)</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 September 30, 2020	<u>105,603,220</u>	<u>105,553,182</u>

As at September 30, 2020 and December 31, 2019, the Company and its subsidiaries had equipment which were fully depreciated but still in use with the cost price of Baht 36.87 million and Baht 34.60 million, respectively, (for the Company’s only amounting of Bah 36.87 million and Baht 34.60 million, respectively).

### 14. RIGHT-OF-USE ASSETS

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The net book value of right-of-use assets related to building and building improvement and the movement for the nine-month period ended September 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	-
Write-off	(2,814,619)
As at September 30, 2020	-
<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	547,288
Write-off	(547,288)
As at September 30, 2020	-
<b>Net book value</b>	
As at December 31, 2019	-
As at January 1, 2020	2,814,619
As at September 30, 2020	-

#### 15. GOODWILL

On November 29, 2016, two companies 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.

#### 16. CUSTOMER RELATIONSHIP

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Changes in customer relationship for the nine-month period ended September 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 September 30, 2020	<u>104,307,663</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2019	(46,027,850)
Amortization for the period	(11,186,027)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2020	<u>(57,213,877)</u>
<u>Net book value</u>	
Balance as at December 31, 2019	<u>58,279,813</u>
Balance as at September 30, 2020	<u>47,093,786</u>

#### 17. INTANGIBLE ASSETS

Changes in intangible assets for the nine-month period ended September 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	(168,298)
Balance as at September 30, 2020	<u>39,537,355</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2019	(17,995,143)
Amortization for the period	(3,036,781)
Accumulated amortization on disposals and write-off	168,296
Balance as at September 30, 2020	<u>(20,863,628)</u>
<u>Net book value</u>	
Balance as at December 31, 2019	<u>20,947,073</u>
Balance as at September 30, 2020	<u>18,673,727</u>

As at September 30, 2020 and December 31, 2019, the Company and its subsidiaries 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).

#### 18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables were consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at September 30, 2020	As at December 31, 2019 (Reclassified Note 25)	As at September 30, 2020	As at December 31, 2019 (Reclassified Note 25)
Trade payables				
Trade payables - other companies	90,306,395	104,648,825	89,442,951	104,648,825
Other current payables				
Accrued commission expenses	13,781,336	16,746,476	13,781,336	16,746,476
Accrued bonus	12,861,339	18,568,265	12,770,203	18,568,265
Advance from customers for goods and services	20,637,813	34,517,307	20,429,563	28,141,860
Other accrued expenses	14,144,684	16,005,979	14,065,372	15,848,452
Account payable - Revenue department	2,795,655	3,942,216	2,720,519	3,940,444
Other deposit	950,940	1,491,920	950,940	1,491,920
Other	5,653,543	3,917,332	5,638,521	3,917,332
Total	70,825,310	95,189,495	70,356,454	88,654,749
Total trade and other current payables	161,131,705	199,838,320	159,799,405	193,303,574

#### 19. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the nine-month period ended September 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	78,719	78,719
Payments	(597,870)	(597,870)
Decrease from contract cancellation	(2,295,468)	(2,295,468)
As at September 30, 2020	-	-

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

	Baht			
	For the three-month period ended September 30 ,2020		For the nine-month period ended September 30 ,2020	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Depreciation of right-of-use assets	78,184	78,184	547,288	547,288
Interest expense on lease liabilities	12,189	12,189	78,719	78,719
Expense relating to short-term lease	765,871	748,230	6,421,505	6,269,985
Leases of low-value assets	23,663	23,663	150,863	150,863
Total	<u>879,907</u>	<u>862,266</u>	<u>7,198,375</u>	<u>7,046,855</u>

For the three-month and nine-month periods ended September 30, 2020, the Company and its subsidiaries had rental income from investment property in the amount of Baht 874,945 and Baht 7,170,239, respectively (for the Company’s only amounting to Baht 857,304 and Bath 7,018,719, respectively)

## 20. 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, 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.

## 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
Segment 5	Building-IoT Solutions

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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, 2020 and 2019 were as follows:

Thousand Baht											
Consolidated financial statements											
	For the three-month period ended September 30, 2020					For the three-month period ended September 30, 2019					
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	98,608	17,380	47,978	87,782	-	251,748	130,826	21,204	55,635	83,905	291,570
Revenue from rendering of services	24,155	-	-	9,951	1,665	35,771	22,086	-	-	9,748	31,834
Cost of sale of goods	(70,575)	(12,379)	(33,489)	(58,833)	-	(175,276)	(97,592)	(14,859)	(35,892)	(45,549)	(193,892)
Cost of rendering of services	(21,013)	-	-	(8,344)	(1,503)	(30,860)	(19,524)	-	-	(8,377)	(27,901)
Gross profit	<u>31,175</u>	<u>5,001</u>	<u>14,489</u>	<u>30,556</u>	<u>162</u>	<u>81,383</u>	<u>35,796</u>	<u>6,345</u>	<u>19,743</u>	<u>39,727</u>	<u>101,611</u>
Other income						3,134					5,993
Distribution cost						(25,572)					(29,253)
Administrative expenses						(36,699)					(33,031)
Profit from operation						22,246					45,320
Finance cost						(12)					-
Income tax expense						(4,320)					(9,053)
Profit for the periods						17,914					36,267
Other comprehensive income (expense)						390					(7)
Total comprehensive income for the periods						<u>18,304</u>					<u>36,260</u>

Thousand Baht											
Consolidated financial statements											
	For the nine-month period ended September 30, 2020					For the nine-month period ended September 30, 2019					
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	339,268	47,950	157,601	236,394	-	781,213	383,141	64,917	183,555	259,824	891,437
Revenue from rendering of services	70,959	-	-	30,569	1,665	103,193	81,222	-	-	25,712	106,934
Cost of sale of goods	(240,839)	(33,089)	(106,893)	(141,454)	-	(522,275)	(281,762)	(47,052)	(122,114)	(149,196)	(600,124)
Cost of rendering of services	(63,696)	-	-	(24,833)	(1,503)	(90,032)	(72,090)	-	-	(24,264)	(96,354)
Gross profit	<u>105,692</u>	<u>14,861</u>	<u>50,708</u>	<u>100,676</u>	<u>162</u>	<u>272,099</u>	<u>110,511</u>	<u>17,865</u>	<u>61,441</u>	<u>112,076</u>	<u>301,893</u>
Other income						13,577					21,159
Distribution cost						(81,239)					(86,294)
Administrative expenses						(105,103)					(106,642)
Profit from operation						99,334					130,116
Finance cost						(79)					-
Income tax expense						(19,586)					(25,861)
Profit for the periods						79,669					104,255
Other comprehensive income (expense)						(1)					(7)
Total comprehensive income for the periods						<u>79,668</u>					<u>104,248</u>

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Thousand Baht										
Separate financial statements										
	For the three-month period ended September 30, 2020					For the three-month period ended September 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	98,608	17,380	47,978	68,665	232,631	130,826	21,204	55,635	83,905	291,570
Revenue from rendering of services	24,155	-	-	9,397	33,552	22,086	-	-	9,748	31,834
Cost of sale of goods	(70,575)	(12,379)	(33,489)	(40,856)	(157,299)	(97,592)	(14,859)	(35,892)	(45,549)	(193,892)
Cost of rendering of services	(21,013)	-	-	(7,749)	(28,762)	(19,524)	-	-	(8,377)	(27,901)
Gross profit	<u>31,175</u>	<u>5,001</u>	<u>14,489</u>	<u>29,457</u>	<u>80,122</u>	<u>35,796</u>	<u>6,345</u>	<u>19,743</u>	<u>39,727</u>	<u>101,611</u>
Distribution cost					3,262					5,993
Selling expenses					(25,679)					(29,253)
Administrative expenses					(36,427)					(32,860)
Profit from operation					21,278					45,491
Finance cost					(12)					-
Income tax expense					(4,190)					(9,053)
Profit for the periods					17,076					36,438
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>17,076</u>					<u>36,438</u>

Thousand Baht										
Separate financial statements										
	For the nine-month period ended September 30, 2020					For the nine-month period ended September 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	339,268	47,950	157,601	214,069	758,888	383,141	64,917	183,555	259,824	891,437
Revenue from rendering of services	70,959	-	-	29,461	100,420	81,222	-	-	25,712	106,934
Cost of sale of goods	(240,839)	(33,089)	(106,893)	(120,991)	(501,812)	(281,762)	(47,052)	(122,114)	(149,196)	(600,124)
Cost of rendering of services	(63,696)	-	-	(24,236)	(87,932)	(72,090)	-	-	(24,264)	(96,354)
Gross profit	<u>105,692</u>	<u>14,861</u>	<u>50,708</u>	<u>98,303</u>	<u>269,564</u>	<u>110,511</u>	<u>17,865</u>	<u>61,441</u>	<u>112,076</u>	<u>301,893</u>
Distribution cost					13,281					21,159
Selling expenses					(80,341)					(86,294)
Administrative expenses					(104,381)					(106,470)
Profit from operation					98,123					130,288
Finance cost					(79)					-
Income tax expense					(19,460)					(25,861)
Profit for the periods					78,584					104,427
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>78,584</u>					<u>104,427</u>



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

	Thousand Baht										
	Consolidated financial statements										
	As at September 30, 2020						As at December 31, 2019				
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Assets for reportable segments											
Trade receivables - other											
companies	138,045	18,713	35,724	45,781	-	238,263	144,452	21,196	61,169	61,850	288,667
Inventories	144,085	8,111	58,052	73,309	-	283,557	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	-	-	34,010	13,084	-	47,094	-	-	42,092	16,188	58,280
Assets under common use											
- Investment property	-	-	-	-	-	154,754	-	-	-	-	229,967
- Property, plant and equipment	-	-	-	-	-	105,603	-	-	-	-	30,667
- Intangible assets	-	-	-	-	-	18,674	-	-	-	-	20,947
- Others	-	-	-	-	-	336,075	-	-	-	-	328,057
Total assets for reportable segments											
segments	<u>282,130</u>	<u>26,824</u>	<u>327,852</u>	<u>266,780</u>	<u>-</u>	<u>1,518,692</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											
segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,635</u>

	Thousand Baht										
	Separate financial statements										
	As at September 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											
other companies	138,045	18,713	35,724	45,377	237,859	144,452	21,196	61,169	64,857	291,674	
Inventories	144,085	8,111	58,052	71,272	281,520	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	-	-	34,010	13,084	47,094	-	-	42,092	16,188	58,280	
Assets under common use											
- Investment property	-	-	-	-	154,754	-	-	-	-	229,967	
- Property, plant and equipment	-	-	-	-	105,553	-	-	-	-	30,667	
- Intangible assets	-	-	-	-	18,674	-	-	-	-	20,947	
- Others	-	-	-	-	336,305	-	-	-	-	321,799	
Total assets for reportable segments											
segments	<u>282,130</u>	<u>26,824</u>	<u>327,852</u>	<u>264,339</u>	<u>1,516,431</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											
reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,370</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		For the nine-month periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Profit for the periods of percent company (Baht)	17,892,420	36,266,539	79,647,276	104,255,378
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)	0.03	0.06	0.14	0.18

	Separate financial Statements			
	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Profit for the periods of percent company (Baht)	17,075,991	36,438,609	78,584,213	104,427,448
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)	0.03	0.06	0.13	0.18

## 23. COMMITMENTS AND CONTINGENT LIABILITIES

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

23.1 As at September 30, 2020 and December 31, 2019, the Company and its subsidiaries 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 September	As at December	As at September	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Million Bath	23.48	26.98	23.48	26.98
Million US dollars	0.27	0.27	0.27	0.27

23.2 The credit facilities with financial institutions as at September 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 September	As at December	As at September	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Bank overdrafts	10.00	11.00	MOR, MOR-0.50	MOR
Letter of credit/trust receipt	150.00	160.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	74.00	54.00	1.25 - 2%	1.25 - 2%
Forward exchange contracts	560.00	562.39	-	-
Promissory notes	-	5.00	-	MLR
Total	794.00	792.39		
Forward foreign exchange contracts				

(Million US dollars)

7.00

7.00

23.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at September	As at December	As at September	As at December
	30, 2020	31, 2019	30, 2020	31, 2019
Due not later than 1 year	2.00	10.10	1.97	9.86
Due later than 1 year but not later than 5 years	1.50	11.71	1.47	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 nine-month period ended September 30, 2020 and 2019 are Baht 8.88 million and Baht 10.59 million, respectively (for the Company’s only to Baht 8.68 million and Baht 10.59 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 subsidiaries 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 subsidiaries 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, 2020 and December 31, 2019, the Company and its subsidiaries 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, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	6,355,322	-	6,355,322
Foreign currency forward contracts	-	201,575	-	201,575

	Baht			
	Consolidated financial statements/Separate financial statements			
	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 September 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 September 30, 2020	As at December 31, 2019		
<b>Financial assets (liabilities)</b>				
Foreign currency forward contracts	201,575	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. 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.

## 27. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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