

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022**

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, 2022 and the related consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2022, 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”.

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

Dharmniti Auditing Company Limited
Bangkok, Thailand
August 11, 2022

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HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

		<u>ASSETS</u>			
		Baht			
		Consolidated financial statements		Separate financial statements	
		As at June	As at December	As at June	As at December
Note		30, 2022	31, 2021	30, 2022	31, 2021
CURRENT ASSETS					
	Cash and cash equivalents	184,870,799	242,830,421	179,573,604	237,687,826
	Trade and other current receivables	4.4, 5	271,250,276	255,438,587	268,939,469
	Current contract assets	4.4	11,525,142	10,215,840	9,075,657
	Inventories	6	365,128,772	328,295,971	361,533,174
	Other current financial assets	7	46,202,090	39,614,195	46,202,090
	Other current assets		463,953	1,306,314	387,218
	TOTAL CURRENT ASSETS		879,441,032	877,701,328	865,711,212
NON-CURRENT ASSETS					
	Investment in subsidiaries	8	-	-	2,357,444
	Trade and other non-current receivables	5	23,581,026	9,182,927	23,581,026
	Long-term loans to subsidiary	4.4	-	-	7,026,040
	Investment property	9	153,679,834	153,942,681	153,679,834
	Property, plant and equipment	10	130,502,993	135,775,492	130,394,724
	Right-of-use assets	11	88,754,727	94,253,682	88,754,727
	Goodwill	12	334,672,061	334,672,061	334,672,061
	Customer relationship	13	19,607,301	26,477,794	19,607,301
	Intangible assets	14	13,671,886	15,985,010	13,671,886
	Deferred tax assets		11,658,004	9,425,953	11,609,385
	Other non-current assets	4.4	29,696,839	28,306,373	29,542,424
	TOTAL NON-CURRENT ASSETS		805,824,671	808,021,973	814,896,852
	TOTAL ASSETS		1,685,265,703	1,685,723,301	1,680,608,064

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 JUNE 30, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht				
		Consolidated financial statements		Separate financial statements		
		As at June	As at December	As at June	As at December	
Note		30, 2022	31, 2021	30, 2022	31, 2021	
CURRENT LIABILITIES						
	Trade and other current payables	4.4, 15	218,854,616	203,950,149	214,902,135	202,279,112
	Current portion of lease liabilities	4.4, 16	9,205,154	9,055,775	9,205,154	9,055,775
	Short-term loan from related parties	4.4	900,000	500,000	-	-
	Corporate income tax payable		10,694,744	8,703,941	10,694,744	8,574,701
	Other current provisions		2,366,094	2,097,485	2,366,094	2,097,485
	Other current liabilities		3,650,614	1,410,913	3,574,401	1,410,913
	TOTAL CURRENT LIABILITIES		245,671,222	225,718,263	240,742,528	223,417,986
NON-CURRENT LIABILITIES						
	Lease liabilities	4.4, 16	82,839,295	87,382,191	82,839,295	87,382,191
	Deffered tax liabilities		3,513	54,146	-	-
	Non-current provisions for employee benefit		29,389,001	27,968,095	29,155,433	27,792,471
	Other non-current liabilities		27,279,179	26,067,217	27,279,179	26,067,217
	TOTAL NON-CURRENT LIABILITIES		139,510,988	141,471,649	139,273,907	141,241,879
	TOTAL LIABILITIES		385,182,210	367,189,912	380,016,435	364,659,865

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 JUNE 30, 2022

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, 2022	31, 2021	30, 2022	31, 2021
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
	Surplus on share-based payment transaction	6,690,452	6,396,379	6,690,452	6,396,379
	Retained earnings				
Appropriated					
	Legal reserve	29,225,000	29,225,000	29,225,000	29,225,000
	Unappropriated	194,235,629	213,716,829	196,009,750	213,790,576
	Other components of shareholders' equity	515,741	(38,218)	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF					
THE PARENT					
		1,299,333,249	1,317,966,417	1,300,591,629	1,318,078,382
	Non-controlling interest	750,244	566,972	-	-
TOTAL SHAREHOLDERS' EQUITY		1,300,083,493	1,318,533,389	1,300,591,629	1,318,078,382
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,685,265,703	1,685,723,301	1,680,608,064	1,682,738,247

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 JUNE 30, 2022

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2022	2021 (Restated)	2022	2021 (Restated)
Revenues					
Revenues from sales	4.5	265,631,802	229,591,672	265,102,997	228,109,812
Revenue from rendering of services	4.5	34,843,263	30,147,692	33,223,527	29,026,205
Other income	4.5	2,697,096	2,974,891	3,344,450	3,345,604
Total revenues		<u>303,172,161</u>	<u>262,714,255</u>	<u>301,670,974</u>	<u>260,481,621</u>
Expenses					
Cost of sales		185,280,678	152,178,515	184,890,142	151,453,571
Cost of rendering of services		25,831,513	26,133,209	25,003,620	24,397,922
Distribution cost		27,830,327	28,618,913	27,488,872	28,120,287
Administrative expenses	4.5	34,902,695	32,576,237	34,533,553	32,235,721
Total expenses		<u>273,845,213</u>	<u>239,506,874</u>	<u>271,916,187</u>	<u>236,207,501</u>
Profit from operating activities		29,326,948	23,207,381	29,754,787	24,274,120
Finance cost	4.5	581,147	633,835	577,408	633,588
Profit before tax expenses		28,745,801	22,573,546	29,177,379	23,640,532
Tax expenses		5,742,996	4,600,316	5,757,471	4,608,664
Profit for the period		<u>23,002,805</u>	<u>17,973,230</u>	<u>23,419,908</u>	<u>19,031,868</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statement		288,618	154,729	-	-
		<u>288,618</u>	<u>154,729</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		288,618	154,729	-	-
Total comprehensive income for the period		<u>23,291,423</u>	<u>18,127,959</u>	<u>23,419,908</u>	<u>19,031,868</u>
Profit (loss) attributable to					
Owners of the parent		22,876,088	18,071,998	23,419,908	19,031,868
Non-controlling interest		126,717	(98,768)	-	-
		<u>23,002,805</u>	<u>17,973,230</u>	<u>23,419,908</u>	<u>19,031,868</u>
Total comprehensive income (expense) attributable to					
Owners of the parent		23,164,706	18,226,727	23,419,908	19,031,868
Non-controlling interest		126,717	(98,768)	-	-
		<u>23,291,423</u>	<u>18,127,959</u>	<u>23,419,908</u>	<u>19,031,868</u>
Basic earnings per share	20				
Profit attributable to owners of the parent		0.04	0.03	0.04	0.03
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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2022	2021 (Restated)	2022	2021 (Restated)
Revenues					
Revenues from sales	4.5	522,713,290	463,218,523	522,113,516	458,850,372
Revenue from rendering of services	4.5	67,708,988	61,903,743	64,226,570	58,873,749
Other income	4.5	9,933,026	6,870,483	11,093,794	7,344,812
Total revenues		<u>600,355,304</u>	<u>531,992,749</u>	<u>597,433,880</u>	<u>525,068,933</u>
Expenses					
Cost of sales		369,427,623	305,460,417	368,997,146	302,130,475
Cost of rendering of services		54,467,329	53,351,455	52,421,093	50,343,407
Distribution cost		55,053,626	55,463,600	54,230,926	54,477,897
Administrative expenses	4.5	70,622,070	66,073,308	69,499,067	65,336,276
Total expenses		<u>549,570,648</u>	<u>480,348,780</u>	<u>545,148,232</u>	<u>472,288,055</u>
Profit from operating activities		50,784,656	51,643,969	52,285,648	52,780,878
Finance cost	4.5	1,176,598	1,074,090	1,169,160	1,073,843
Profit before tax expenses		49,608,058	50,569,879	51,116,488	51,707,035
Tax expenses		10,456,126	10,106,981	10,447,454	10,125,238
Profit for the period		<u>39,151,932</u>	<u>40,462,898</u>	<u>40,669,034</u>	<u>41,581,797</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statement		553,959	87,719	-	-
		<u>553,959</u>	<u>87,719</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		553,959	87,719	-	-
Total comprehensive income for the period		<u>39,705,891</u>	<u>40,550,617</u>	<u>40,669,034</u>	<u>41,581,797</u>
Profit (loss) attributable to					
Owners of the parent		38,968,660	40,643,039	40,669,034	41,581,797
Non-controlling interest		183,272	(180,141)	-	-
		<u>39,151,932</u>	<u>40,462,898</u>	<u>40,669,034</u>	<u>41,581,797</u>
Total comprehensive income (expense) attributable to					
Owners of the parent		39,522,619	40,730,758	40,669,034	41,581,797
Non-controlling interest		183,272	(180,141)	-	-
		<u>39,705,891</u>	<u>40,550,617</u>	<u>40,669,034</u>	<u>41,581,797</u>
Basic earnings per share	20				
Profit attributable to owners of the parent		0.07	0.07	0.07	0.07
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 SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Baht								
	Consolidated financial statements								
	Equity attributable to owners of the parent						Non-controlling	Total	
	Issued and	Premium on	Surplus on share-based	Retained earnings		Other components	Total equity	interest	Total
	paid-up	ordinary shares	payment	Appropriated	Unappropriated	of equity	attributable to	shareholders'	equity
	share capital		transactions	legal reserve		Exchange differences	owners	equity	
						on translating	of the parent		
						financial			
						statements			
Beginning balance as at January 1, 2021									
- as previously reported	292,250,000	776,416,427	-	29,225,000	219,584,380	(453,897)	1,317,021,910	606,265	1,317,628,175
The cumulative effect of correction									
of the financial statements	-	-	3,732,848	-	(2,986,278)	-	746,570	-	746,570
Beginning balance as at January 1, 2021									
- as restated	292,250,000	776,416,427	3,732,848	29,225,000	216,598,102	(453,897)	1,317,768,480	606,265	1,318,374,745
Dividend	-	-	-	-	(75,984,558)	-	(75,984,558)	-	(75,984,558)
Employee joint investment program									
expenses	17	-	-	3,569,743	-	-	3,569,743	-	3,569,743
Treasury shares	-	-	(2,252,579)	-	-	-	(2,252,579)	-	(2,252,579)
Total comprehensive income for the period									
Profit (loss) for the period - restated	-	-	-	-	40,643,039	-	40,643,039	(180,141)	40,462,898
Other comprehensive income (loss) for									
the period	-	-	-	-	-	87,719	87,719	-	87,719
Ending balance as at June 30, 2021	292,250,000	776,416,427	5,050,012	29,225,000	181,256,583	(366,178)	1,283,831,844	426,124	1,284,257,968
Beginning balance as at January 1, 2022	292,250,000	776,416,427	6,396,379	29,225,000	213,716,829	(38,218)	1,317,966,417	566,972	1,318,533,389
Dividend	18	-	-	-	(58,449,860)	-	(58,449,860)	-	(58,449,860)
Employee joint investment program									
expenses	17	-	-	2,720,939	-	-	2,720,939	-	2,720,939
Treasury shares	-	-	(2,426,866)	-	-	-	(2,426,866)	-	(2,426,866)
Total comprehensive income for the period									
Profit for the period	-	-	-	-	38,968,660	-	38,968,660	183,272	39,151,932
Other comprehensive income for the period	-	-	-	-	-	553,959	553,959	-	553,959
Ending balance as at June 30, 2022	292,250,000	776,416,427	6,690,452	29,225,000	194,235,629	515,741	1,299,333,249	750,244	1,300,083,493

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 SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Baht					
	Separate financial statements					
	Issued and paid-up share capital	Premium on ordinary shares	Surplus on share-based payment transactions	Retained earnings		Total shareholders' equity
Note			Appropriated legal reserve	Unappropriated		
Beginning balance as at January 1, 2021						
- as previously reported	292,250,000	776,416,427	-	29,225,000	219,766,379	1,317,657,806
The cumulative effect of the correction of the financial statements	-	-	3,732,848	-	(2,986,278)	746,570
Beginning balance as at January 1, 2021						
- as restated	292,250,000	776,416,427	3,732,848	29,225,000	216,780,101	1,318,404,376
Dividend	-	-	-	-	(75,984,558)	(75,984,558)
Employee joint investment program expenses	17	-	3,569,743	-	-	3,569,743
Treasury shares	-	-	(2,252,579)	-	-	(2,252,579)
Total comprehensive income for the period						-
Profit for the period - restated	-	-	-	-	41,581,797	41,581,797
Other comprehensive income for the period	-	-	-	-	-	-
Ending balance as at June 30, 2021	292,250,000	776,416,427	5,050,012	29,225,000	182,377,340	1,285,318,779
Beginning balance as at January 1, 2022	292,250,000	776,416,427	6,396,379	29,225,000	213,790,576	1,318,078,382
Dividend	18	-	-	-	(58,449,860)	(58,449,860)
Employee joint investment program expenses	17	-	2,720,939	-	-	2,720,939
Treasury shares	-	-	(2,426,866)	-	-	(2,426,866)
Total comprehensive income for the period						
Profit for the period	-	-	-	-	40,669,034	40,669,034
Other comprehensive income for the period	-	-	-	-	-	-
Ending balance as at June 30, 2022	292,250,000	776,416,427	6,690,452	29,225,000	196,009,750	1,300,591,629

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 CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Baht			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
		(Restated)		(Restated)
Cash flows from operating activities				
Profit for the period	39,151,932	40,462,898	40,669,034	41,581,797
Adjustment to reconcile profit for the period to net cash provided by (used in) operating activities :				
Bad debt and expected credit losses (reversal)	1,565,330	140,300	1,565,239	140,043
Depreciation and amortization	15,839,051	14,851,072	15,822,733	14,838,066
Amortization of customer relationship	6,870,493	6,870,492	6,870,493	6,870,492
Loss on devaluation of inventories (reversal)	696,293	(754,143)	696,293	(754,143)
Loss on disposals of equipment	70,304	75,692	70,304	75,692
Unrealized (gain) loss on exchange rate	1,122,405	(1,501,921)	523,830	(1,498,756)
Unrealized (gain) loss on revaluation of other current financial assets	1,751,796	(1,194,626)	1,751,796	(1,194,626)
Loss on impairment of equipments (reversal)	-	(50,654)	-	(50,654)
Interest income	(60,673)	(112,532)	(257,968)	(304,868)
Dividend income	(1,162,200)	-	(1,162,200)	-
Employee's benefit expenses	1,420,906	1,374,280	1,362,962	1,283,183
Employee Joint Investment Program expenses	2,720,939	3,569,743	2,720,939	3,569,743
Finance cost	1,176,598	1,074,090	1,169,160	1,073,843
Tax expense	10,456,126	10,106,981	10,447,454	10,125,238
Profit from operating before changes in operating assets and liabilities	81,619,300	74,911,672	82,250,069	75,755,050
(Increase) decrease in operating assets				
Trade and other current receivables	(18,570,864)	(4,540,856)	(18,305,698)	(3,992,597)
Current contract assets	(14,407,158)	1,950,435	(14,407,158)	1,950,435
Inventories	(37,543,752)	(44,993,004)	(36,253,655)	(46,403,659)
Other current assets	694,505	36,847	726,056	89,408
Other non-current assets	(1,158,050)	(2,655,548)	(1,236,050)	(2,499,548)

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 CASH FLOWS (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Baht			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
		(Restated)		(Restated)
Increase (decrease) in operating liabilities				
Trade and other current payables	16,975,858	18,860,444	14,880,934	21,147,557
Other current provisions	268,609	(94,975)	268,609	(94,975)
Other current liabilities	2,163,488	409,534	2,163,488	409,534
Non-current provisions for employee benefit	-	(664,000)	-	(664,000)
Other non-current liabilities	1,288,176	498,836	1,211,962	498,836
Cash generated from operating	31,330,112	43,719,385	31,298,557	46,196,041
Employee joint investment program expenses paid	(2,426,866)	(2,252,579)	(2,426,866)	(2,252,579)
Income tax paid	(10,756,479)	(13,026,014)	(10,546,958)	(13,020,736)
Net cash provided by operating activities	18,146,767	28,440,792	18,324,733	30,922,726
Cash flows from investing activities				
Cash payments for purchases of other current financial assets	(8,339,691)	(10,158,859)	(8,339,691)	(10,158,859)
Cash payments for purchases of investment property	(62,150)	-	(62,150)	-
Cash payments for purchases of equipment	(5,074,689)	(6,326,088)	(5,067,522)	(6,326,088)
Cash receipts from disposal of equipment	64,868	44,826	64,868	44,826
Cash payments for purchases of intangible assets	(523,960)	(381,400)	(523,960)	(381,400)
Interest received	60,673	112,532	447,360	487,328
Dividend received	1,162,200	-	1,162,200	-
Net cash used in investing activities	(12,712,749)	(16,708,989)	(12,318,895)	(16,334,193)
Cash flows from financing activities				
Cash receipts from short-term loans from related parties	400,000	500,000	-	-
Cash payments for lease liabilities	(5,670,200)	(5,617,800)	(5,670,200)	(5,617,800)
Dividend paid	(58,449,860)	(75,984,558)	(58,449,860)	(75,984,558)
Net cash used in financing activities	(63,720,060)	(81,102,358)	(64,120,060)	(81,602,358)

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 CASH FLOWS (CONT.)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Baht			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
		(Restated)		(Restated)
Net increase in cash and cash equivalents	(58,286,042)	(69,370,555)	(58,114,222)	(67,013,825)
Cash and cash equivalents at beginning of period	242,830,421	306,074,340	237,687,826	299,318,282
Effect of translation adjustment on foreign currency				
financial statements	326,420	498,736	-	-
Cash and cash equivalents at ending of period	184,870,799	237,202,521	179,573,604	232,304,457
Supplementaly disclosures of cash flows information :				
Non-Cash transaction				
Liabilities incurred from acquisition of equipment and intangible assets				
Liabilities incurred from acquisition of equipment				
and intangible assets - beginning of period	3,394,300	630,517	3,394,300	630,517
Inventories transferred to equipment	(14,658)	(3,196,684)	(14,658)	(3,196,684)
Equipment transferred to expense	(4,750)	(497,660)	(4,750)	(497,660)
<u>Add</u> Purchases of equipment and intangible assets	2,460,662	10,040,021	2,453,495	10,040,021
<u>Less</u> Cash payments	(5,598,649)	(6,707,488)	(5,591,482)	(6,707,488)
Liabilities incurred from acquisition of				
fixed assets and intangible assets - ending of period	236,905	268,706	236,905	268,706

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SRSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
JUNE 30, 2022

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: 559 Soi Soonvijai 4, Rama 9 Road, Bangkapi, 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:

5th 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, Bangkapi, Huaykwang, Bangkok 10310, Thailand.

(b) Nature of the Company's operations

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

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, 2021.

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		Country of establishment
		% of share capital		
		As at June 30, 2022	As at December 31, 2021	
Direct shareholding				
Harn Vietnam Co., Ltd.	Printing equipment	100.00	100.00	Vietnam
Aiyaraharn Co., Ltd.	Building-IoT Solutions	65.00	65.00	Thailand

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 period

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting practices, accounting guidance and disclosures in the notes to the financial statements and, for some standards, providing temporary reliefs or temporary exemptions to users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current period.

2.4 Correction of the prior period’s financial statement

In the presentation of the financial statement for the three-month and six-month period ended June 30, 2022, the Company corrected the previous period’s statement of comprehensive income and statement of cash flows regarding the transactions recording related to the Employee Joint Investment Program (EJIP) (Note 17) in accordance with the Thai Financial Reporting Standard No. 2 Subject: Share-Based Payments. Previously, the Company recorded such transactions as expenses in profit and loss according to the amount paid in each period.

This TFRS requires the Company to recognize share-based payments to employees in its financial statements, whether the payment is in cash, other assets or equity instruments of the entity. The Company has restated the prior year’s financial statements, presented as comparative information, as though the Company had always recognized the effects of share-based payments to employees in the financial statements. The Company has restated to the transactions with effects on the consolidated statement of comprehensive income and separate statement of comprehensive income, the consolidate statement of cash flow and separate statement of cash flow as follows:

● Statement of comprehensive income

	Baht					
	Consolidated financial statements					
	For the three-month periods ended June 30, 2021			For the six-month periods ended June 30, 2021		
	Previous report	Adjustment increase (decrease)	Restated	Previous report	Adjustment increase (decrease)	Restated
Expenses						
Cost of rendering of services	26,041,880	91,329	26,133,209	53,176,621	174,834	53,351,455
Distribution cost	28,358,675	260,238	28,618,913	54,958,998	504,602	55,463,600
Administrative expenses	32,250,068	326,169	32,576,237	65,435,580	637,728	66,073,308
Tax expenses	4,735,864	(135,548)	4,600,316	10,370,414	(263,433)	10,106,981
Profit attributable to						
Owners of the parent	18,614,186	(542,188)	18,071,998	41,696,770	(1,053,731)	40,643,039
Total comprehensive income						
attributable to						
Owners of the parent	18,768,915	(542,188)	18,226,727	41,784,489	(1,053,731)	40,730,758

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	Baht					
	Separate financial statements					
	For the three-month periods ended June 30, 2021			For the six-month periods ended June 30, 2021		
	Previous report	Adjustment	Restated	Previous report	Adjustment	Restated
	increase		report	increase		
	(decrease)			(decrease)		
Expenses						
Cost of rendering of services	24,306,593	91,329	24,397,922	50,168,573	174,834	50,343,407
Distribution cost	27,860,049	260,238	28,120,287	53,973,295	504,602	54,477,897
Administrative expenses	31,909,552	326,169	32,235,721	64,698,548	637,728	65,336,276
Tax expenses	4,744,212	(135,548)	4,608,664	10,388,671	(263,433)	10,125,238
Profit attributable to						
Owners of the parent	19,574,056	(542,188)	19,031,868	42,635,528	(1,053,731)	41,581,797
Total comprehensive income						
attributable to						
Owners of the parent	19,574,056	(542,188)	19,031,868	42,635,528	(1,053,731)	41,581,797

● Statement of cash flows

	Baht					
	Consolidated financial statements			Separate financial statements		
	For the six-month periods ended June 30, 2021			For the six-month periods ended June 30, 2021		
	Previous report	Adjustment	Restated	Previous report	Adjustment	Restated
	increase			increase		
	(decrease)			(decrease)		
Cash flows from operating activities						
Profit for the period	41,516,629	(1,053,731)	40,462,898	42,635,528	(1,053,731)	41,581,797
Adjustment to reconcile profit for the period to net cash provided by (used in) operating activities:						
- Employee joint investment program expenses	-	3,569,743	3,569,743	-	3,569,743	3,569,743
- Tax expenses	10,370,414	(263,433)	10,106,981	10,388,671	(263,433)	10,125,238
Employee joint investment program expenses paid	-	(2,252,579)	(2,252,579)	-	(2,252,579)	(2,252,579)

3. SIGNIFICANT ACCOUNTING POLICIES

The Company and its subsidiaries prepared the interim financial statements with the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2021.

4. 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.

4.1 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
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
Aiyarafun Co., Ltd.	Thailand	Related company	Directorships and/or common shareholders of subsidiary
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
Mr. Prasertsak Detudom	Thai	Related person	Directorships and/or common shareholders
Mr. Sathit Wanitchaikit	Thai	Related person	Directorships and/or common shareholders
Key management personnel	Thai	Related person	Authorized person and responsible in management

4.2 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 income	Contract price
Interest expenses	Contract price

4.3 Significant agreements with related parties. The Company entered into office building rental agreement as follows:

	As at June 30, 2022		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Jannopsiri Co., Ltd.	9 year	857,220
	Phraboriban Co., Ltd.	3 year	64,080

4.4 Balances with the related parties as at June 30, 2022 and December 31, 2021 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Trade and other current receivables				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	142,530	314,388
Aiyaraharn Co., Ltd.	-	-	2,417	-
Related companies				
Harn Engineering Co., Ltd.	1,747,319	1,747,319	1,747,319	1,747,319
Jannopsiri Co., Ltd.	-	1,006	-	1,006
	<u>1,747,319</u>	<u>1,748,325</u>	<u>1,892,266</u>	<u>2,062,713</u>
Current contract assets				
Related companies				
Jannopsiti Co., Ltd.	54,108	-	-	-
	<u>54,108</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rental deposit				
Related companies				
Phraboriban Co., Ltd.	150,000	150,000	150,000	150,000
Jannopsiti Co., Ltd.	2,000,000	2,000,000	2,000,000	2,000,000
	<u>2,150,000</u>	<u>2,150,000</u>	<u>2,150,000</u>	<u>2,150,000</u>

Loan to subsidiary

Movements of loans to subsidiary for the six-month period ended June 30, 2022 and for the year ended December 31, 2021 were as follows:

	Separate financial statements			
	For the six-month periods ended June 30, 2022		For the year ended December 31, 2021	
	USD	Baht	USD	Baht
Harn Vietnam Co., Ltd.				
Beginning balance	200,000	6,649,380	200,000	5,973,480
Addition	-	-	-	-
Deduction	-	-	-	-
Conversion of unrealized on exchange rate	-	376,660	-	675,900
Ending balance	<u>200,000</u>	<u>7,026,040</u>	<u>200,000</u>	<u>6,649,380</u>

As at March 12, 2020, the Company has loans to the subsidiary in to amount of USD 200,000. The interest rate has been charged at 6.15% per annum in the term of year. Later, on March 11, 2021, the company renewed the loan agreement to the subsidiary for another 5 years, the agreement expired on March 11, 2026 and charged the interest rate at 5.85% per annum.

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June	As at December	As at June	As at December
	30, 2022	31, 2021	30, 2022	31, 2021
Trade and other current payables				
Subsidiary				
Aiyaraharn Co., Ltd.	-	-	78,000	78,000
Related company				
Aiyarafun Co., Ltd.	15,247	7,808	-	-
	<u>15,247</u>	<u>7,808</u>	<u>78,000</u>	<u>78,000</u>
Lease liabilities				
Related companies				
Phraboriban Co., Ltd.	986,498	1,388,259	986,498	1,388,259
Jansopsiri Co., Ltd.	90,279,429	94,307,684	90,279,429	94,307,684
	<u>91,265,927</u>	<u>95,695,943</u>	<u>91,265,927</u>	<u>95,695,943</u>

Short-term loans from related parties

Changes in short-term loans from related company for the six-month period ended June 30, 2022 and for the year ended December 31, 2021 were as follows:

	Baht			
	Consolidated financial statements			
	As at December	During the period		As at June
	31, 2021	Increase	Decrease	30, 2022
Aiyarafun Co., Ltd.	500,000	-	-	500,000
Mr. Prasertsak Detudom	-	200,000	-	200,000
Mr. Sathit Wanitchaikit	-	200,000	-	200,000
	<u>500,000</u>	<u>400,000</u>	<u>-</u>	<u>900,000</u>

	Baht			
	Consolidated financial statements			
	As at December 31, 2020	During the year		As at December 31, 2021
	Increase	Decrease		
Aiyarafun Co., Ltd.	-	500,000	-	500,000
	-	500,000	-	500,000

As at June 30, 2022, short-term loan represented the promissory notes from related company has 3 months maturity, bearing interest rates of 3 percent per annum (according to commercial bank interest rates of MRR-3 percent per annum), with due for repayment on September 19, 2022 and short-term loans are promissory notes from related persons with no interest and due at call. The loans are an unsecured loan.

4.5 Transactions with related parties for the three-month and the six-month periods ended June 30, 2022 and 2021 were summarized as follows:

	Baht			
	Consolidated financial statements			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2022	2021	2022	2021
Revenues from sales				
Related companies				
Jannopsiri Co., Ltd.	-	-	-	14,180
Nutrix Plc.	-	9,180	-	15,180
	-	9,180	-	29,360
Revenue from rendering of services				
Related company				
Jannopsiri Co., Ltd.	8,171	-	36,557	-
	8,171	-	36,557	-
Other income				
Related company				
Jannopsiri Co., Ltd.	20,250	13,500	40,500	13,500
	20,250	13,500	40,500	13,500
Rental fee and service expenses				
Related company				
Harn Engineering Co., Ltd.	-	-	-	292,105
	-	-	-	292,105
Interest expenses				
Related companies				
Phraboriban Co., Ltd.	15,155	24,591	32,718	51,460
Jannopsiri Co., Ltd.	551,478	599,484	1,115,066	1,005,713
Aiyarafun Co., Ltd.	3,740	247	7,439	-
	570,373	624,322	1,155,223	1,057,173
Directors remuneration				
Directors remuneration	616,500	845,667	1,466,500	1,718,167
Management benefit expenses				
Shot-term employee's benefits	5,279,241	4,449,063	9,832,289	8,543,231
Post-employment benefits	314,310	277,530	609,024	518,066
	6,210,051	5,572,260	11,907,813	10,779,464

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	Baht			
	Separate financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Revenues from sales				
Subsidiaries				
Harn Vietnam Co., Ltd.	17,699	-	17,699	-
Aiyaraharn Co., Ltd.	-	-	-	74,940
Related companies				
Jannopsiri Co., Ltd.	-	-	-	14,180
Nutrix Plc.	-	9,180	-	15,180
	<u>17,699</u>	<u>9,180</u>	<u>17,699</u>	<u>104,300</u>
Other income				
Subsidiaries				
Harn Vietnam Co., Ltd.	103,750	93,463	197,295	192,336
Aiyaraharn Co., Ltd.	153,000	153,000	306,000	306,000
Related company				
Jannopsiri Co., Ltd.	20,250	13,500	40,500	13,500
	<u>277,000</u>	<u>259,963</u>	<u>543,795</u>	<u>511,836</u>
Rental fee and service expenses				
Related companies				
Harn Engineering Co., Ltd.	-	-	-	292,105
	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,105</u>
Interest expenses				
Related companies				
Phraboriban Co., Ltd.	15,155	24,591	32,718	51,460
Jannopsiri Co., Ltd.	551,478	599,484	1,115,066	1,005,713
	<u>566,633</u>	<u>624,075</u>	<u>1,147,784</u>	<u>1,057,173</u>
Directors remuneration				
Directors remuneration	616,500	845,667	1,466,500	1,718,167
Management benefit expenses				
Shot-term employee's benefits	4,919,241	4,089,063	9,112,289	7,823,231
Post-employment benefits	313,260	275,655	599,724	515,591
	<u>5,849,001</u>	<u>5,210,385</u>	<u>11,178,513</u>	<u>10,056,989</u>

4.6 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 GBP 472,586.

5. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Trade receivable				
Trade receivables - subsidiaries	-	-	17,534	-
Trade receivables - related parties	-	1,006	-	1,006
Trade receivables - other companies	247,467,320	235,053,496	245,649,101	233,148,403
Total	247,467,320	235,054,502	245,666,635	233,149,409
<u>Less</u> Allowance for expected credit losses	(14,180,520)	(12,640,865)	(14,177,146)	(12,635,976)
Net	233,286,800	222,413,637	231,489,489	220,513,433
Other receivables				
Other receivables - subsidiaries	-	-	124,996	314,388
Other receivables - related parties	1,747,319	1,747,319	1,747,319	1,747,319
Other receivables - other companies	2,323,301	1,939,926	2,315,511	1,720,078
Accrued retentions	7,742,382	9,072,015	7,553,747	8,997,247
Deposit	10,991,667	6,870,814	10,959,836	6,862,867
Prepaid expenses	4,320,921	5,054,904	3,908,267	4,643,908
Accrued income	2,491,641	1,766,779	2,494,059	1,766,779
Total other receivables	29,617,231	26,451,757	29,103,735	26,052,586
Lease receivables				
Lease receivables - printing devices	31,956,547	15,767,761	31,956,547	15,767,761
<u>Less</u> Allowance for doubtful account	(29,276)	(11,641)	(29,276)	(11,641)
Total	31,927,271	15,756,120	31,927,271	15,756,120
<u>Less</u> due between over 1 year	(23,581,026)	(9,182,927)	(23,581,026)	(9,182,927)
Net	8,346,245	6,573,193	8,346,245	6,573,193
Total trade and other receivables - net	271,250,276	255,438,587	268,939,469	253,139,212

Trade receivables are classified by aging as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Current	158,365,504	150,580,310	157,200,530	148,706,871
Overdue				
Less than 3 months	64,491,605	67,370,369	63,855,894	67,338,715
Over 3 months up to 6 months	7,605,695	4,114,011	7,605,695	4,114,011
Over 6 months up to 12 months	5,124,316	8,176,950	5,124,316	8,176,950
Over 12 months	11,880,200	4,812,862	11,880,200	4,812,862
Total	247,467,320	235,054,502	245,666,635	233,149,409
<u>Less</u> Allowance for expected credit losses	(14,180,520)	(12,640,865)	(14,177,146)	(12,635,976)
Trade receivables, net	233,286,800	222,413,637	231,489,489	220,513,433

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the lease agreements as at June 30, 2022 and December 31, 2021, are as follows:

	Baht			
	Consolidated financial statements / Separate financial statements			
	As at June 30, 2022		As at December 31, 2021	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	17,008,005	8,346,245	9,575,286	6,573,193
Over 1 year but less than 5 years	36,562,144	23,581,026	13,385,234	9,182,927
	53,570,149	31,927,271	22,960,520	15,756,120
<u>Less</u> Deferred interest	(21,642,878)	-	(7,204,400)	-
	31,927,271	31,927,271	15,756,120	15,756,120

6. INVENTORIES

Inventories were consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Finished goods	337,947,165	288,639,413	334,379,853	286,333,913
Goods in transit	61,867,004	73,645,662	61,838,718	73,645,662
Total	399,814,169	362,285,075	396,218,571	359,979,575
<u>Less</u> Allowance for loss on devaluation of inventories	(34,685,397)	(33,989,104)	(34,685,397)	(33,989,104)
Net	365,128,772	328,295,971	361,533,174	325,990,471

Decline in value of inventory recognized as cost of goods sold for the three-month and six-month period ended June 30, 2022 were Baht 0.35 million and Baht 0.70 million, respectively, (for the Company’s only amounting to Baht 0.35 million and Baht 0.70 million, respectively).

7. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets were consisted of:

	Baht		
	Consolidated financial statements / Separate financial statements		
	As at June 30, 2022		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Investment in debt instruments			
- Investment in unit trusts	47,760,830	(1,558,740)	46,202,090
Total	47,760,830	(1,558,740)	46,202,090

	Baht		
	Consolidated financial statements / Separate financial statements		
	December 31, 2021		
	Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Investment in debt instruments			
- Investment in unit trusts	39,421,139	193,056	39,614,195
Total	39,421,139	193,056	39,614,195

8. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries consisted of:

Subsidiaries	Paid-up capital	Baht			
		Percentage of shareholding (%)		Separate financial statements	
		Cost method			
		As at June 30, 2022	As at December 30, 2021	As at June 30, 2022	As at December 30, 2021
Ham 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	65.00	1,300,000	1,300,000
Total				2,357,444	2,357,444

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.

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.

9. INVESTMENT PROPERTY

Changes in the investment property for the six-month period ended June 30, 2022 were summarized as follows

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial statements</u>
<u>Cost</u>	
Balance as at December 31, 2021	155,934,839
Acquisitions during the period	62,150
Disposals and write-off during the period	-
Balance as at June 30, 2022	<u>155,996,989</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2021	(1,992,158)
Depreciation for the period	(324,997)
Accumulated depreciation on disposals and write-off	-
Balance as at June 30, 2022	<u>(2,317,155)</u>
<u>Net book value</u>	
Balance as at December 31, 2021	<u>153,942,681</u>
Balance as at June 30, 2022	<u>153,679,834</u>

For the three-month and six-month periods ended June 30, 2022 and 2021, the Company and its subsidiaries had rental income from investment property in the amount of Baht 0.96 million and Baht 0.60 million and Baht 1.90 million and Baht 1.64 million, respectively, (for the Company’s only amounting to Baht 0.96 million and Baht 0.60 million and Baht 1.90 million and Baht 1.64 million, respectively) and operating expenses in the amount of Baht 0.21 million and Baht 0.64 million and Baht 0.45 million and Baht 0.83 million, respectively, (for the Company’s only amounting to Baht 0.21 million and Baht 0.64 million and Baht 0.45 million and Baht 0.83 million, respectively), which was recognized in the statement of comprehensive income.

10. PROPERTY, PLANT AND EQUIPMENT

Changes in the property, plant and equipment for the six-month period ended June 30, 2022 were summarized as follows:

	Baht	
	Consolidated financial statements	Separate financial statements
<u>Cost</u>		
Balance as at December 31, 2021	209,912,995	209,756,675
Acquisitions during the period	2,455,911	2,448,745
Disposals and write-off during the period	(1,111,599)	(1,111,599)
Exchange difference on transactions financial statements	4,734	-
Balance as at June 30, 2022	<u>211,262,041</u>	<u>211,093,821</u>
<u>Accumulated depreciation</u>		
Balance as at December 31, 2021	(74,137,503)	(74,097,390)
Depreciation for the period	(7,594,452)	(7,578,134)
Accumulated depreciation on disposals and write-off	976,427	976,427
Exchange difference on transactions financial statements	(3,520)	-
Balance as at June 30, 2022	<u>(80,759,048)</u>	<u>(80,699,097)</u>
<u>Net book value</u>		
Balance as at December 31, 2021	<u>135,775,492</u>	<u>135,659,285</u>
Balance as at June 30, 2022	<u>130,502,993</u>	<u>130,394,724</u>

As at June 30, 2022 and December 31, 2021, the Company and its subsidiaries had equipment which were fully depreciated but still in use with the cost price of Baht 36.01 million and Baht 34.68 million, respectively, (for the Company’s only amounting of Bah 36.01 million and Baht 34.68 million, respectively).

11. 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, 2022 are presented below.

	<u>Baht</u>
	Consolidated financial statements / Separate financial statements
Cost	
As at December 31, 2021	105,542,553
Addition	107,523
Written-off	-
As at June 30, 2022	<u>105,650,076</u>
Accumulated depreciation	
As at December 31, 2021	(11,288,871)
Depreciation for the year	(5,606,478)
Depreciation - written-off	-
As at June 30, 2022	<u>(16,895,349)</u>
Net book value	
As at December 31, 2021	<u>94,253,682</u>
As at June 30, 2022	<u>88,754,727</u>

12. GOODWILL

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

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13. CUSTOMER RELATIONSHIP

Changes in customer relationship for the six-month period ended June 30, 2022 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial statements</u>
<u>At cost</u>	
Balance as at December 31, 2021	104,307,663
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2022	<u>104,307,663</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2021	(77,829,869)
Amortization for the period	(6,870,493)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2022	<u>(84,700,362)</u>
<u>Net book value</u>	
Balance as at December 31, 2021	<u>26,477,794</u>
Balance as at June 30, 2022	<u>19,607,301</u>

14. INTANGIBLE ASSETS

Changes in intangible assets for the six-month period ended June 30, 2022 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial Statements</u>
<u>At cost</u>	
Balance as at December 31, 2021	42,245,035
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2022	<u>42,245,035</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2021	(26,260,025)
Amortization for the period	(2,313,124)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2022	<u>28,573,149</u>
<u>Net book value</u>	
Balance as at December 31, 2021	<u>15,985,010</u>
Balance as at June 30, 2022	<u>13,671,886</u>

As at June 30, 2022 and December 31, 2021, the Company and its subsidiaries had intangible assets, which were fully amortized but still in use with the cost price of Baht 3.69 million and Baht 3.66 million, respectively, (for the Company’s only amounting of Baht 3.69 million and Baht 3.66 million, respectively).

15. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables were consisted of :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Trade payables				
Trade payables - other companies	124,295,729	115,246,936	122,325,388	114,457,732
Other current payables				
Accrued commission expenses	14,175,519	13,220,166	14,175,519	13,220,166
Accrued bonus	6,695,367	10,202,941	6,695,367	10,202,941
Advance from customers for goods and services	41,601,133	35,351,729	40,026,267	35,091,043
Other accrued expenses	19,337,214	18,842,437	18,944,586	18,315,201
Account payable - Revenue department	4,075,976	2,978,290	3,983,331	2,806,379
Other deposit	1,397,349	1,244,220	1,475,349	1,322,220
Other	7,276,329	6,863,430	7,276,328	6,863,430
Total	94,558,887	88,703,213	92,576,747	87,821,380
Total trade and other current payables	218,854,616	203,950,149	214,902,135	202,279,112

16. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the six-month period June 30, 2022 are presented below.

	Baht
	Consolidated financial statement / Separate financial statements
As at December 31, 2021	96,437,966
Addition	107,523
Accretion of interest	1,169,160
Payments	(5,670,200)
As at June 30, 2022	92,044,449
<u>Less: current portion</u>	<u>(9,205,154)</u>
Lease liabilities - net of current portion	82,839,295

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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, 2022 and 2021 are presented below.:

	Baht			
	Consolidated financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30		June 30,	
	2022	2021	2022	2021
Depreciation of right-of-use assets	2,806,599	2,785,668	5,606,478	5,557,860
Interest expense on lease liabilities	577,408	633,588	1,169,160	1,073,843
Expense relating to short-term lease.	-	14,970	-	380,522
Leases of low-value assets	44,037	71,957	92,140	157,463
Total	3,428,044	3,506,183	6,867,778	7,169,688

	Baht			
	Separate financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30		June 30,	
	2022	2021	2022	2021
Depreciation of right-of-use assets	2,806,599	2,785,668	5,606,478	5,557,860
Interest expense on lease liabilities	577,408	633,588	1,169,160	1,073,843
Expense relating to short-term lease.	-	14,970	-	380,522
Leases of low-value assets	35,916	64,539	76,093	142,878
Total	3,419,923	3,498,765	6,851,731	7,155,103

For the three-month and six-month periods ended June 30, 2022 and 2021, the Company and its subsidiaries had total cash outflows for leases of Baht 2,881,637 and Baht 2,903,057 and Baht 5,762,340 and Baht 6,155,816, respectively, (for the Company’s only amounting to Baht 2,873,516 and Baht 2,895,639 and Baht 5,746,293 and Baht 6,141,230, respectively).

17. THE EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

Movements of the employee joint investment program for the six-month period ended June 30, 2022 were as follows:

	Baht		
	Consolidated financial statements /		
	Separate financial statements		
	For the six-month period ended June 30, 2022		
	Surplus on share- based payment transactions	(Less) Treasury shares	Net
Beginning balance	13,822,057	(7,425,678)	6,396,379
Movements of the period			
- Employee joint investment program expenses	2,720,939	-	2,720,939
- Employee joint investment program expenses paid	-	(2,426,866)	(2,426,866)
Ending balance	<u>16,542,996</u>	<u>(9,852,544)</u>	<u>6,690,452</u>

The statements of comprehensive income for the three-month and six-month period ended June 30, 2022 and 2021 are as follows:

	Baht			
	Consolidated financial statements / Separate financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30		June 30,	
	2022	2021	2022	2021
Cost of sales	198,143	267,939	422,974	512,924
Distribution cost	406,873	685,000	917,753	1,328,219
Administrative expenses	656,674	884,102	1,380,212	1,728,600
Total	<u>1,261,690</u>	<u>1,837,041</u>	<u>2,720,939</u>	<u>3,569,743</u>

18. APPROPRIATION OF RETAINED EARNINGS

According to the resolution of the Annual General Meeting of Shareholders No. 1/2022 on April 25, 2022 the shareholders approved dividend payment from the operation for the year 2021 at Baht 0.10 per share for the issued and paid up ordinary shares of 584,500,000 shares, in total amount of Baht 58,450,000. The dividend was paid on May 13, 2022.

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Operating segment by business in the statement of comprehensive income for the three-month and six-month periods ended June 30, 2022 and 2021 were as follows:

	Thousand Baht									
	Separate financial statements									
	For the three-month period ended June 30, 2022					For the three-month period ended June 30, 2021				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	108,471	10,791	61,155	84,686	265,103	83,066	12,955	44,939	87,150	228,110
Revenue from rendering of services	21,341	-	-	11,883	33,224	18,931	-	-	10,096	29,027
Cost of sale of goods	(80,794)	(7,676)	(44,514)	(51,906)	(184,890)	(58,670)	(8,749)	(30,916)	(53,118)	(151,453)
Cost of rendering of services	(15,965)	-	-	(9,039)	(25,004)	(16,159)	-	-	(8,239)	(24,398)
Gross profit	<u>33,053</u>	<u>3,115</u>	<u>16,641</u>	<u>35,624</u>	<u>88,433</u>	<u>27,168</u>	<u>4,206</u>	<u>14,023</u>	<u>35,889</u>	<u>81,286</u>
Other income					3,345					3,346
Distribution cost					(27,489)					(28,120)
Administrative expenses					(34,534)					(32,237)
Profit from operation					29,755					24,275
Finance cost					(577)					(634)
Income tax expense					(5,758)					(4,609)
Profit for the periods					23,420					19,032
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>23,420</u>					<u>19,932</u>

	Thousand Baht									
	Separate financial statements									
	For the six-month period ended June 30, 2022					For the six-month period ended June 30, 2021				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	223,683	22,612	116,746	159,072	522,113	182,782	23,681	95,630	156,757	458,850
Revenue from rendering of services	43,326	-	-	20,901	64,227	39,186	-	-	19,688	58,874
Cost of sale of goods	(169,228)	(15,775)	(86,482)	(97,512)	(368,997)	(126,611)	(16,231)	(66,507)	(92,781)	(302,130)
Cost of rendering of services	(34,795)	-	-	(17,626)	(52,421)	(33,439)	-	-	(16,904)	(50,343)
Gross profit	<u>62,986</u>	<u>6,837</u>	<u>30,264</u>	<u>64,835</u>	<u>164,922</u>	<u>61,918</u>	<u>7,450</u>	<u>29,123</u>	<u>66,760</u>	<u>165,251</u>
Other income					11,094					7,345
Distribution cost					(54,231)					(54,478)
Administrative expenses					(69,499)					(65,337)
Profit from operation					52,286					52,781
Finance cost					(1,169)					(1,074)
Income tax expense					(10,448)					(10,125)
Profit for the periods					40,669					41,582
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>40,669</u>					<u>41,582</u>

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Operating segment by business in the statement of financial position as at June 30, 2022 and December 31, 2021 were as follows:

Thousand Baht												
Consolidated financial statements												
	As at June 30, 2022						As at December 31, 2021					
	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Total	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5	Total
Assets for reportable segments												
Trade receivables - other												
companies	136,672	13,676	44,791	50,580	1,747	247,466	122,386	16,377	45,003	51,288	-	235,054
Inventories	200,922	7,946	82,700	72,918	642	365,128	183,577	4,063	66,656	73,795	205	328,296
Goodwill	-	-	200,066	134,606	-	334,672	-	-	200,066	134,606	-	334,672
Customer relationship	-	-	14,245	5,362	-	19,607	-	-	19,242	7,236	-	26,478
Assets under common use												
- Investment property	-	-	-	-	-	153,680	-	-	-	-	-	153,943
- Property, plant and equipment	-	-	-	-	-	130,503	-	-	-	-	-	135,775
- Right-of-use assets	-	-	-	-	-	88,755	-	-	-	-	-	94,254
- Intangible assets	-	-	-	-	-	13,672	-	-	-	-	-	15,985
- Others	-	-	-	-	-	331,782	-	-	-	-	-	361,266
Total assets for reportable segments	<u>337,594</u>	<u>21,622</u>	<u>341,802</u>	<u>263,466</u>	<u>2,389</u>	<u>1,685,265</u>	<u>305,963</u>	<u>20,440</u>	<u>330,967</u>	<u>266,925</u>	<u>205</u>	<u>1,685,723</u>
Total liabilities for reportable segments												
segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,190</u>

Thousand Baht										
Separate financial statements										
	As at June 30, 2022					As at December 31, 2021				
	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	136,672	13,676	44,791	50,527	245,666	122,385	16,377	45,003	49,383	233,148
Inventories	200,922	7,946	82,700	69,965	361,533	183,577	4,063	66,655	71,695	325,990
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672
Customer relationship	-	-	14,245	5,362	19,607	-	-	19,242	7,236	26,478
Assets under common use										
- Investment property	-	-	-	-	153,680	-	-	-	-	153,943
- Property, plant and equipment	-	-	-	-	130,395	-	-	-	-	135,659
- Right-of-use assets	-	-	-	-	88,755	-	-	-	-	94,254
- Intangible assets	-	-	-	-	13,672	-	-	-	-	15,985
- Others	-	-	-	-	332,628	-	-	-	-	362,609
Total assets for reportable segments	<u>337,594</u>	<u>21,622</u>	<u>341,802</u>	<u>260,460</u>	<u>1,680,608</u>	<u>305,962</u>	<u>20,440</u>	<u>330,966</u>	<u>262,920</u>	<u>1,682,738</u>
Total liabilities for reportable segments										
reportable segments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,660</u>

20. 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 six-month periods ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	(Restated)		(Restated)	
Profit for the periods of parent company (Baht)	22,876,088	18,071,998	38,968,660	40,643,039
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)	0.04	0.03	0.07	0.07

	Separate financial Statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	(Restated)		(Restated)	
Profit for the periods of parent company (Baht)	23,419,908	19,031,868	40,669,034	41,581,797
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)	0.04	0.03	0.07	0.07

21. COMMITMENTS AND CONTINGENT LIABILITIES

As at June 30, 2022 and December 31, 2021, the Company and its subsidiaries had commitments and contingent liabilities as follows:

21.1 As at June 30, 2022 and December 31, 2021, 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 June	As at December	As at June	As at December
	30, 2022	31, 2021	30, 2022	31, 2021
Million Bath	18.37	32.90	18.37	32.90
Million US dollars	0.03	0.15	0.03	0.15

21.2 The credit facilities with financial institutions as at June 30, 2022 and December 31, 2021 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, 2022	31, 2021	30, 2022	31, 2021
Bank overdrafts	9.00	10.00	MOR, MOR-0.50	MOR, MOR-0.50
Letter of credit/trust receipt	120.00	150.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	74.00	74.00	1.25 - 2%	1.25 - 2%
Forward exchange contracts	410.00	560.00	-	-
Total	613.00	794.00		
Forward foreign exchange contracts (Million US dollars)	7.00	7.00		

21.3 Minimum lease and service payments are as follows :

Payment periods	Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Due not later than 1 year	0.52	0.53	0.49	0.52
Due later than 1 year but not later than 5 years	0.80	1.04	0.80	1.04

Rental and service expenses for the six-month period ended June 30, 2022 and 2021 were Baht 0.33 million and Baht 0.71 million, respectively, (for the Company’s only to Baht 0.30 million and Baht 0.69 million, respectively).

21.4 Commitment on capital expenditure

21.4.1 As at June 30, 2022 the Company has commitment to pay under computer equipment and access control system for office building contract totaled Baht 13.89 million. The Company has an outstanding commitment under the agreement amounted Baht 3.00 million.

21.4.2 As at June 30, 2022 the Company has commitment to pay under furniture and fixtures purchase contract totaled Baht 2.18 million. The Company has an outstanding commitment under the agreement amounted Baht 0.03 million

21.5 Litigation

As at June 30, 2022, the Company has a legal case for a total claimed amount of Baht 11.01 million which is currently being considered by the Civil Court. The management of the Company believes that the outcome of this case will not have significant effect to the Company. However, the management estimated provision for such litigation in an amount sufficient to cover the expected damages.

22. FAIR VALUE MEASUREMENT

The Company and its subsidiaries use 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, 2022 and December 31, 2021, 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 statement			
	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	42,202,090	-	46,202,090
Foreign currency forward contracts	-	(293,904)	-	(293,904)

	Baht			
	Consolidated financial statements / Separate financial statement			
	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in investment units	-	39,614,195	-	39,614,195
Foreign currency forward contracts	-	(16,713)	-	(16,713)

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 foreign currency forward contracts has been determined by using a 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.

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

23. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Board of Directors of the Company on August 11, 2022.