

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, 2023**

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 June 30, 2023 and the related consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2023, 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 15, 2023

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HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at June	As at December	As at June	As at December
Note		30, 2023	31, 2022	30, 2023	31, 2022
CURRENT ASSETS					
	Cash and cash equivalents	227,465,777	202,861,271	222,935,421	196,195,700
	Trade and other current receivables	269,063,672	256,976,034	268,682,552	256,996,182
	Current contract assets	17,135,230	13,155,701	16,370,093	10,920,240
	Inventories	383,887,213	431,088,369	381,364,433	429,557,747
	Other current financial assets	58,088,941	96,725,564	58,088,941	96,725,564
	Other current assets	240,529	725,779	141,313	454,535
	TOTAL CURRENT ASSETS	955,881,362	1,001,532,718	947,582,753	990,849,968
NON-CURRENT ASSETS					
	Investment in subsidiaries	-	-	2,357,444	2,357,444
	Trade and other non-current receivables	14,145,324	16,980,743	14,145,324	16,980,743
	Long-term loans to subsidiary	-	-	7,085,940	6,878,260
	Investment property	163,899,704	153,346,577	163,899,704	153,346,577
	Property, plant and equipment	120,681,603	124,556,265	120,550,917	124,396,756
	Right-of-use assets	66,734,490	83,242,037	66,734,490	83,242,037
	Goodwill	334,672,061	334,672,061	334,672,061	334,672,061
	Customer relationship	5,752,441	12,622,934	5,752,441	12,622,934
	Intangible assets	13,084,696	11,819,566	13,084,696	11,819,566
	Deferred tax assets	16,587,562	15,183,585	16,507,611	14,921,144
	Other non-current assets	30,171,007	29,146,836	29,796,086	28,992,420
	TOTAL NON-CURRENT ASSETS	765,728,888	781,570,604	774,586,714	790,229,942
	TOTAL ASSETS	1,721,610,250	1,783,103,322	1,722,169,467	1,781,079,910

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, 2023

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, 2023	31, 2022	30, 2023	31, 2022	
CURRENT LIABILITIES						
	Trade and other current payables	4.4, 15	235,482,903	270,510,021	233,464,172	267,150,862
	Current portion of lease liabilities	4.4, 16	9,482,743	9,228,565	9,482,743	9,228,565
	Short-term loan from related parties	4.4	250,000	500,000	-	-
	Corporate income tax payable		12,706,603	13,407,998	12,706,603	13,407,998
	Other current provisions		2,318,596	2,311,150	2,080,587	2,258,762
	Other current liabilities		2,267,298	2,682,007	2,267,299	2,682,007
	TOTAL CURRENT LIABILITIES		262,508,143	298,639,741	260,001,404	294,728,194
NON-CURRENT LIABILITIES						
	Lease liabilities	4.4, 16	73,447,523	78,348,031	73,447,523	78,348,031
	Non-current provisions for employee benefit		31,070,641	30,765,106	30,752,400	30,518,395
	Other non-current liabilities		27,538,913	26,725,725	27,538,913	26,725,724
	TOTAL NON-CURRENT LIABILITIES		132,057,077	135,838,862	131,738,836	135,592,150
	TOTAL LIABILITIES		394,565,220	434,478,603	391,740,240	430,320,344

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, 2023

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, 2023	31, 2022	30, 2023	31, 2022
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	6,489,787	6,028,004	6,489,787	6,028,004
Retained earnings					
Appropriated					
	Legal reserve	29,225,000	29,225,000	29,225,000	29,225,000
	Unappropriated	222,091,745	244,050,922	226,048,013	246,840,135
	Other components of shareholders' equity	194,366	22,368	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF					
THE PARENT					
		1,326,667,325	1,347,992,721	1,330,429,227	1,350,759,566
	Non-controlling interest	377,705	631,998	-	-
TOTAL SHAREHOLDERS' EQUITY		1,327,045,030	1,348,624,719	1,330,429,227	1,350,759,566
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,721,610,250	1,783,103,322	1,722,169,467	1,781,079,910

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, 2023

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Revenues from sales		291,775,817	265,631,802	290,748,411	265,102,997
Revenue from rendering of services	4.5	39,673,645	34,843,263	39,008,017	33,223,527
Other income	4.5	2,323,440	2,697,096	2,875,463	3,344,450
Total revenues		<u>333,772,902</u>	<u>303,172,161</u>	<u>332,631,891</u>	<u>301,670,974</u>
Expenses					
Cost of sales		196,118,415	185,280,678	195,561,333	184,890,142
Cost of rendering of services		33,570,444	25,831,513	33,156,080	25,003,620
Distribution cost		29,549,018	27,830,327	29,067,112	27,488,872
Administrative expenses	4.5	35,942,897	34,902,695	35,376,345	34,533,553
Total expenses		<u>295,180,774</u>	<u>273,845,213</u>	<u>293,160,870</u>	<u>271,916,187</u>
Profit from operating activities		38,592,128	29,326,948	39,471,021	29,754,787
Finance cost	4.5	519,882	581,147	516,451	577,408
Profit before tax expenses		38,072,246	28,745,801	38,954,570	29,177,379
Tax expenses		7,829,322	5,742,996	7,656,940	5,757,471
Profit for the period		<u>30,242,924</u>	<u>23,002,805</u>	<u>31,297,630</u>	<u>23,419,908</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statement		197,727	288,618	-	-
		<u>197,727</u>	<u>288,618</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		197,727	288,618	-	-
Total comprehensive income for the period		<u>30,440,651</u>	<u>23,291,423</u>	<u>31,297,630</u>	<u>23,419,908</u>
Profit (loss) attributable to					
Owners of the parent		30,417,225	22,876,088	31,297,630	23,419,908
Non-controlling interest		(174,301)	126,717	-	-
		<u>30,242,924</u>	<u>23,002,805</u>	<u>31,297,630</u>	<u>23,419,908</u>
Total comprehensive income (expense) attributable to					
Owners of the parent		30,614,952	23,164,706	31,297,630	23,419,908
Non-controlling interest		(174,301)	126,717	-	-
		<u>30,440,651</u>	<u>23,291,423</u>	<u>31,297,630</u>	<u>23,419,908</u>
Basic earnings per share					
Profit attributable to owners of the parent	20	0.05	0.04	0.05	0.04
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, 2023

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Revenues from sales		564,590,145	522,713,290	562,487,310	522,113,516
Revenue from rendering of services	4.5	74,891,761	67,708,988	73,252,752	64,226,570
Other income	4.5	9,061,113	9,933,026	9,786,139	11,093,794
Total revenues		<u>648,543,019</u>	<u>600,355,304</u>	<u>645,526,201</u>	<u>597,433,880</u>
Expenses					
Cost of sales		380,322,380	369,427,623	379,019,930	368,997,146
Cost of rendering of services		67,916,629	54,467,329	66,779,732	52,421,093
Distribution cost		58,818,227	55,053,626	57,967,851	54,230,926
Administrative expenses	4.5	72,899,719	70,622,070	71,949,626	69,499,067
Total expenses		<u>579,956,955</u>	<u>549,570,648</u>	<u>575,717,139</u>	<u>545,148,232</u>
Profit from operating activities		68,586,064	50,784,656	69,809,062	52,285,648
Finance cost	4.5	1,056,000	1,176,598	1,048,870	1,169,160
Profit before tax expenses		67,530,064	49,608,058	68,760,192	51,116,488
Tax expenses		13,758,742	10,456,126	13,567,522	10,447,454
Profit for the period		<u>53,771,322</u>	<u>39,151,932</u>	<u>55,192,670</u>	<u>40,669,034</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translating financial statement		171,998	553,959	-	-
		<u>171,998</u>	<u>553,959</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		171,998	553,959	-	-
Total comprehensive income for the period		<u>53,943,320</u>	<u>39,705,891</u>	<u>55,192,670</u>	<u>40,669,034</u>
Profit (loss) attributable to					
Owners of the parent		54,025,615	38,968,660	55,192,670	40,669,034
Non-controlling interest		(254,293)	183,272	-	-
		<u>53,771,322</u>	<u>39,151,932</u>	<u>55,192,670</u>	<u>40,669,034</u>
Total comprehensive income (expense) attributable to					
Owners of the parent		54,197,613	39,522,619	55,192,670	40,669,034
Non-controlling interest		(254,293)	183,272	-	-
		<u>53,943,320</u>	<u>39,705,891</u>	<u>55,192,670</u>	<u>40,669,034</u>
Basic earnings per share	20				
Profit attributable to owners of the parent		0.09	0.07	0.09	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

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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, 2023

		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'
		share capital		transactions	legal reserve		Exchange differences	owners		equity
							on translating	of the parent		
							financial			
							statements			
Beginning balance as at January 1, 2022	Note	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		-	-	-	-	(58,449,860)	-	(58,449,860)	-	(58,449,860)
Employee joint investment program	17									
expenses		-	-	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
Beginning balance as at January 1, 2023		292,250,000	776,416,427	6,028,004	29,225,000	244,050,922	22,368	1,347,992,721	631,998	1,348,624,719
Dividend	18	-	-	-	-	(75,984,792)	-	(75,984,792)	-	(75,984,792)
Employee joint investment program expenses	17	-	-	3,086,794	-	-	-	3,086,794	-	3,086,794
Treasury shares		-	-	(2,625,011)	-	-	-	(2,625,011)	-	(2,625,011)
Total comprehensive income for the period										
Profit for the period		-	-	-	-	54,025,615	-	54,025,615	(254,293)	53,771,322
Other comprehensive income for the period		-	-	-	-	-	171,998	171,998	-	171,998
Ending balance as at June 30, 2023		292,250,000	776,416,427	6,489,787	29,225,000	222,091,745	194,366	1,326,667,325	377,705	1,327,045,030

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, 2023

		Baht					
		Separate financial statements					
Note		Issued and paid-up share capital	Premium on ordinary shares	Surplus on share-based payment transactions	Retained earnings		Total shareholders' equity
					Appropriated legal reserve	Unappropriated	
	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	-	-	-	-	(58,449,860)	(58,449,860)
	Employee joint investment program expenses	-	-	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
	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
	Beginning balance as at January 1, 2023	292,250,000	776,416,427	6,028,004	29,225,000	246,840,135	1,350,759,566
	Dividend	-	-	-	-	(75,984,792)	(75,984,792)
	Employee joint investment program expenses	-	-	3,086,794	-	-	3,086,794
	Treasury shares	-	-	(2,625,011)	-	-	(2,625,011)
	Total comprehensive income for the period						
	Profit for the period	-	-	-	-	55,192,670	55,192,670
	Ending balance as at June 30, 2023	292,250,000	776,416,427	6,489,787	29,225,000	226,048,013	1,330,429,227

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, 2023

	Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<u>Cash flows from operating activities</u>				
Profit for the period	53,771,322	39,151,932	55,192,670	40,669,034
Adjustment to reconcile profit for the period to net cash provided by (used in) operating activities :				
Bad debt and expected credit losses (reversal)	74,690	1,565,330	77,467	1,565,239
Depreciation and amortization	14,815,986	15,839,051	14,793,656	15,822,733
Amortization of customer relationship	6,870,493	6,870,493	6,870,493	6,870,493
Loss on devaluation of inventories (reversal)	(6,852,378)	696,293	(5,971,913)	696,293
Loss on disposals of equipment	175,563	70,304	159,446	70,304
Unrealized loss on exchange rate	1,854,726	1,122,405	1,647,047	523,830
Unrealized loss on revaluation of other current financial assets	4,026,945	1,751,796	4,026,945	1,751,796
Interest income	(523,990)	(60,673)	(726,433)	(257,968)
Dividend income	(1,412,026)	(1,162,200)	(1,412,026)	(1,162,200)
Employee's benefit expenses	1,452,202	1,420,906	1,380,672	1,362,962
Employee Joint Investment Program expenses	3,086,794	2,720,939	3,086,794	2,720,939
Finance cost	1,056,000	1,176,598	1,048,870	1,169,160
Tax expense	13,758,742	10,456,126	13,567,522	10,447,454
Profit from operating before changes in operating assets and liabilities	92,155,069	81,619,300	93,741,210	82,250,069
(Increase) decrease in operating assets				
Trade and other current receivables	(15,961,159)	(18,570,864)	(17,359,614)	(18,305,698)
Current contract assets	2,838,800	(14,407,158)	2,838,800	(14,407,158)
Inventories	52,896,279	(37,543,752)	53,009,200	(36,253,655)
Other current assets	335,400	694,505	313,222	726,056
Other non-current assets	(725,663)	(1,158,050)	(803,663)	(1,236,050)

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, 2023

	Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Increase (decrease) in operating liabilities				
Trade and other current payables	(37,321,339)	16,975,858	(35,795,806)	14,880,934
Other current provisions	7,446	268,609	(178,175)	268,609
Other current liabilities	(414,708)	2,163,488	(414,708)	2,163,488
Non-current provisions for employee benefit	(1,146,667)	-	(1,146,667)	-
Other non-current liabilities	813,188	1,288,176	813,188	1,211,962
Cash generated from operating	93,476,646	31,330,112	95,016,987	31,298,557
Employee joint investment program expenses paid	(2,625,011)	(2,426,866)	(2,625,011)	(2,426,866)
Income tax paid	(15,926,041)	(10,756,479)	(15,855,384)	(10,546,958)
Net cash provided by operating activities	74,925,594	18,146,767	76,536,592	18,324,733
<u>Cash flows from investing activities</u>				
Cash payments for purchases of other current financial assets	(15,208,248)	(8,339,691)	(15,208,248)	(8,339,691)
Cash receipts from redemption of other current financial assets	50,000,000	-	50,000,000	-
Cash payments for purchases of investment property	-	(62,150)	-	(62,150)
Cash payments for purchases of equipment	(1,874,324)	(5,074,689)	(1,846,801)	(5,067,522)
Cash receipts from disposal of equipment	87,993	64,868	69,548	64,868
Cash payments for purchases of intangible assets	(3,286,910)	(523,960)	(3,286,910)	(523,960)
Interest received	341,916	60,673	743,506	447,360
Divident received	1,412,026	1,162,200	1,412,026	1,162,200
Net cash provided by (used in) investing activities	31,472,453	(12,712,749)	31,883,121	(12,318,895)
<u>Cash flows from financing activities</u>				
Cash payments for short-term loan from related person	(750,000)	-	-	-
Cash receipt for short-term loan from related person	500,000	400,000	-	-
Cash payments for lease liabilities	(5,695,200)	(5,670,200)	(5,695,200)	(5,670,200)
Interes paid	(29,630)	-	-	-
Dividend paid	(75,984,792)	(58,449,860)	(75,984,792)	(58,449,860)
Net cash used in financing activities	(81,959,622)	(63,720,060)	(81,679,992)	(64,120,060)

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, 2023

	Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Net increase (decrease) in cash and cash equivalents	24,438,425	(58,286,042)	26,739,721	(58,114,222)
Cash and cash equivalents at beginning of period	202,861,271	242,830,421	196,195,700	237,687,826
Effect of translation adjustment on foreign currency				
financial statements	166,081	326,420	-	-
Cash and cash equivalents at end of period	<u>227,465,777</u>	<u>184,870,799</u>	<u>222,935,421</u>	<u>179,573,604</u>
Supplemental 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	514,884	3,394,300	514,884	3,394,300
Inventories transferred to equipment	(1,156,027)	(14,658)	(1,156,027)	(14,658)
Equipment transferred to expense	-	(4,750)	-	(4,750)
<u>Add</u> Purchases of equipment and intangible assets	6,515,044	2,460,662	6,487,521	2,453,495
<u>Less</u> Cash payments	(5,161,234)	(5,598,649)	(5,133,711)	(5,591,482)
Liabilities incurred from acquisition of				
fixed assets and intangible assets - ending of period	<u>712,667</u>	<u>236,905</u>	<u>712,667</u>	<u>236,905</u>
Right-of-use asset transferred to investment property	<u>11,606,347</u>	<u>-</u>	<u>11,606,347</u>	<u>-</u>

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

HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED AND ITS SURSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
JUNE 30, 2023

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

Locate at: 5th floor, Vietcomreal Building, 68 Nguyen Hue, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

2) Aiyaraharn Company Limited

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, 2022.

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, 2023	As at December 31, 2022	
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, 2023. This revision is for the financial reporting standards to be clearer and more appropriate and to conform with international financial reporting standards. Such revision does not affect the principles of the standards and does not affect the users of the financial reporting standards.

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

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, 2022.

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
Tawipasura 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
Installation expenses	Market price
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, 2023		
	Lessor	Period	Rate per month (Baht)
Office rental agreement	Jannopsiri Co., Ltd.	10 year	857,220
	Phraboriban Co., Ltd.	3 year	64,080

4.4 Balances with the related parties as at June 30, 2023 and December 31, 2022 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Trade and other current receivables				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	-	126,062	325,210
Aiyaraharn Co., Ltd.	-	-	3,960	1,412
Related company				
Harn Engineering Co., Ltd.	1,371,116	1,747,319	1,371,116	1,747,319
Tawipasura Co., Ltd.	4,645	-	4,645	-
	<u>1,375,761</u>	<u>1,747,319</u>	<u>1,505,783</u>	<u>2,073,941</u>
Rental deposit				
Related company				
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, 2023 and for the year ended December 31, 2022 were as follows:

	Separate financial statements			
	For the six-month periods ended June 30, 2023		For the year ended December 31, 2022	
	USD	Baht	USD	Baht
Harn Vietnam Co., Ltd.				
Beginning balance	200,000	6,878,260	200,000	6,649,380
Addition	-	-	-	-
Deduction	-	-	-	-
Conversion of unrealized on exchange rate	-	207,680	-	228,880
Ending balance	<u>200,000</u>	<u>7,085,940</u>	<u>200,000</u>	<u>6,878,260</u>

As at March 12, 2020, the Company entered into loan agreement with 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 30, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Trade and other current payables				
Subsidiary				
Aiyaraharn Co., Ltd.	-	-	78,000	78,000
Related company				
Aiyarafun Co., Ltd.	308	22,808	-	-
Jansopsiri Co., Ltd.	188,033	188,033	-	-
	<u>188,341</u>	<u>210,841</u>	<u>78,000</u>	<u>78,000</u>
Lease liabilities				
Related company				
Phraboriban Co., Ltd.	253,416	624,974	253,416	624,974
Jansopsiri Co., Ltd.	82,076,129	86,202,441	82,076,129	86,202,441
	<u>82,329,545</u>	<u>86,827,415</u>	<u>82,329,545</u>	<u>86,827,415</u>

Short-term loans from related parties

Changes in short-term loans from related company for the six-month period ended June 30, 2023 and for the year ended December 31, 2022 were as follows:

	Baht			
	Consolidated financial statements			As at June 30, 2023
	As at December 31, 2022	During the period		
		Increase	Decrease	
Aiyarafun Co., Ltd.	500,000	-	(250,000)	250,000
Mr. Sathit Wanitchaikit	-	500,000	(500,000)	-
	<u>500,000</u>	<u>500,000</u>	<u>(750,000)</u>	<u>250,000</u>

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	Baht			
	Consolidated financial statements			
	As at December 31, 2021	During the year		As at December 31, 2022
	Increase	Decrease		
Aiyarafun Co., Ltd.	500,000	-	-	500,000
Mr. Prasertsak Detudom	-	200,000	(200,000)	-
Mr. Sathit Wanitchaikit	-	400,000	(400,000)	-
	<u>500,000</u>	<u>600,000</u>	<u>(600,000)</u>	<u>500,000</u>

As at June 30, 2023, short-term loan represented the promissory notes from related parties has 3 months maturity, bearing interest rates of 3 percent per annum (according to commercial bank interest rates of MRR-3 percent per annum) and repayment on September 14, 2023. The loans are unsecured.

4.5 Transactions with related parties for the three-month and six-month periods ended June 30, 2023 and 2022 were summarized as follows:

	Baht			
	Consolidated financial statements			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2023	2022	2023	2022
Revenue from rendering of services				
Related company				
Jannopsiri Co., Ltd.	<u>19,815</u>	<u>8,171</u>	<u>19,815</u>	<u>36,557</u>
	<u>19,815</u>	<u>8,171</u>	<u>19,815</u>	<u>36,557</u>
Other income				
Related company				
Jannopsiri Co., Ltd.	<u>20,250</u>	<u>20,250</u>	<u>40,500</u>	<u>40,500</u>
Tawipasura Co., Ltd.	<u>18,112</u>	<u>-</u>	<u>18,620</u>	<u>-</u>
	<u>38,362</u>	<u>20,250</u>	<u>59,120</u>	<u>40,500</u>
Interest expenses				
Related company				
Phraboriban Co., Ltd.	<u>5,190</u>	<u>15,155</u>	<u>12,923</u>	<u>32,718</u>
Jannopsiri Co., Ltd.	<u>502,301</u>	<u>551,478</u>	<u>1,017,008</u>	<u>1,115,066</u>
Aiyarafun Co., Ltd.	<u>3,431</u>	<u>3,740</u>	<u>7,130</u>	<u>7,439</u>
	<u>510,922</u>	<u>570,373</u>	<u>1,037,061</u>	<u>1,155,223</u>
Directors remuneration				
Directors remuneration	<u>752,000</u>	<u>616,500</u>	<u>1,642,000</u>	<u>1,466,500</u>
Management benefit expenses				
Shot-term employee's benefits	<u>5,488,658</u>	<u>5,279,241</u>	<u>10,795,231</u>	<u>9,832,289</u>
Post-employment benefits	<u>338,865</u>	<u>314,310</u>	<u>671,875</u>	<u>609,024</u>
	<u>6,579,523</u>	<u>6,210,051</u>	<u>13,109,106</u>	<u>11,907,813</u>

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	Baht			
	Separate financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenue from sale				
Subsidiaries				
Harn Vietnam Co., Ltd.	-	17,699	-	17,699
	<u>-</u>	<u>17,699</u>	<u>-</u>	<u>17,699</u>
Other income				
Subsidiary				
Harn Vietnam Co., Ltd.	104,306	103,750	203,108	197,295
Aiyaraharn Co., Ltd.	174,126	153,000	327,126	306,000
Related company				
Jannopsiri Co., Ltd.	20,250	20,250	40,500	40,500
Tawipasura Co., Ltd.	18,112	-	18,620	-
	<u>316,794</u>	<u>277,000</u>	<u>589,354</u>	<u>543,795</u>
Interest expenses				
Related company				
Phraboriban Co., Ltd.	5,190	15,155	12,923	32,718
Jannopsiri Co., Ltd.	502,301	551,478	1,017,008	1,115,066
	<u>507,491</u>	<u>566,633</u>	<u>1,029,931</u>	<u>1,147,784</u>
Directors remuneration				
Directors remuneration	752,000	616,500	1,642,000	1,466,500
Management benefit expenses				
Shot-term employee's benefits	5,110,658	4,919,241	10,045,231	9,112,289
Post-employment benefits	336,615	313,260	667,375	599,724
	<u>6,199,273</u>	<u>5,849,001</u>	<u>12,354,606</u>	<u>11,178,513</u>

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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, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Trade receivable				
Trade receivables - other companies	253,157,653	241,296,559	253,157,653	241,296,559
<u>Less</u> Allowance for expected credit losses	(14,046,621)	(13,958,824)	(14,046,621)	(13,958,824)
Net	<u>239,111,032</u>	<u>227,337,735</u>	<u>239,111,032</u>	<u>227,337,735</u>
Other receivables				
Other receivables - subsidiaries	-	-	126,062	325,210
Other receivables - related parties	1,371,116	1,747,319	1,371,116	1,747,319
Other receivables - other companies	4,377,122	1,951,328	4,247,686	1,951,328
Accrued retentions	8,198,872	6,409,522	7,840,020	6,142,065
Deposit	1,466,599	3,937,734	1,458,400	3,929,792
Prepaid expenses	4,019,400	4,183,801	4,004,745	4,152,728
Accrued income	2,389,248	3,098,354	2,393,208	3,099,764
Total other receivables	<u>21,822,357</u>	<u>21,328,058</u>	<u>21,441,237</u>	<u>21,348,206</u>
Lease receivables				
Lease receivables - printing devices	22,288,595	25,307,204	22,288,595	25,307,204
<u>Less</u> Allowance for doubtful account	(12,988)	(16,220)	(12,988)	(16,220)
Total	<u>22,275,607</u>	<u>25,290,984</u>	<u>22,275,607</u>	<u>25,290,984</u>
<u>Less</u> due over 1 year	(14,145,324)	(16,980,743)	(14,145,324)	(16,980,743)
Net	<u>8,130,283</u>	<u>8,310,241</u>	<u>8,130,283</u>	<u>8,310,241</u>
Total trade and other receivables - net	<u>269,063,672</u>	<u>256,976,034</u>	<u>268,682,552</u>	<u>256,996,182</u>

Trade receivables are classified by aging as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Current	160,919,550	149,801,023	160,919,550	149,801,023
Overdue				
Less than 3 months	67,370,562	61,302,657	67,370,562	61,302,657
Over 3 months up to 6 months	7,000,598	12,814,715	7,000,598	12,814,715
Over 6 months up to 12 months	6,639,697	7,879,344	6,639,697	7,879,344
Over 12 months	11,227,246	9,498,820	11,227,246	9,498,820
Total	<u>253,157,653</u>	<u>241,296,559</u>	<u>253,157,653</u>	<u>241,296,559</u>
<u>Less</u> Allowance for expected credit losses	(14,046,621)	(13,958,824)	(14,046,621)	(13,958,824)
Trade receivables, net	<u>239,111,032</u>	<u>227,337,735</u>	<u>239,111,032</u>	<u>227,337,735</u>

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The minimum lease payments and present value of minimum lease payments which receivable will be paid under the lease agreements as at June 30, 2023 and December 31, 2022, are as follows:

	Baht			
	Consolidated financial statements / Separate financial statements			
	As at June 30, 2023		As at December 31, 2022	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	15,046,773	8,130,283	15,984,457	8,310,241
Over 1 year but less than 5 years	20,901,022	14,145,324	26,414,166	16,980,743
	35,947,795	22,275,607	42,398,623	25,290,984
<u>Less</u> Deferred interest	(13,672,188)	-	(17,107,639)	-
	<u>22,275,607</u>	<u>22,275,607</u>	<u>25,290,984</u>	<u>25,290,984</u>

6. INVENTORIES

Inventories were consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Finished goods	362,660,446	386,562,096	360,059,650	384,074,221
Goods in transit	54,082,440	84,233,096	54,082,440	84,233,096
Total	416,742,886	470,795,192	414,142,090	468,307,317
<u>Less</u> Allowance for loss on devaluation of inventories	(32,855,673)	(39,706,823)	(32,777,657)	(38,749,570)
Net	<u>383,887,213</u>	<u>431,088,369</u>	<u>381,364,433</u>	<u>429,557,747</u>

Reversal of decline in value of inventory recognized as cost of goods sold for the three-month and six-month period ended June 30, 2023 were Baht 6.69 million and Baht 6.85 million, respectively, (for the Company's only amounting to Baht 5.82 million and Baht 5.97 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, 2023		
		Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Investment in debt instruments				
- Investment in unit trusts		63,424,033	(5,335,092)	58,088,941
Total		<u>63,424,033</u>	<u>(5,335,092)</u>	<u>58,088,941</u>
		Baht		
		Consolidated financial statements/ Separate financial statements		
		December 31, 2022		
		Cost value	Unrealized gain (loss) on revaluation of investments	Fair value
Investment in debt instruments				
- Investment in bond		49,817,926	18,951	49,836,877
- Investment in unit trusts		48,215,785	(1,327,098)	46,888,687
Total		<u>98,033,711</u>	<u>(1,308,147)</u>	<u>96,725,564</u>

8. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries were consisted of:

		Baht			
		Separate financial statements			
		Cost method			
		Percentage of shareholding (%)		As at June	As at December
Subsidiaries	Paid-up capital	As at June 30, 2023	As at December 30, 2022	30, 2023	30, 2022
Harn Vietnam Co., Ltd.	Vietnamese Dong 800 million	100.00	100.00	1,057,444	1,057,444
Aiyaraham Co., Ltd.	Baht 2 million	65.00	65.00	1,300,000	1,300,000
Total				<u>2,357,444</u>	<u>2,357,444</u>

9. INVESTMENT PROPERTY

Changes in the investment property for the six-month period ended June 30, 2023 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial statements</u>
<u>Cost</u>	
Balance as at December 31, 2022	155,996,989
Acquisitions during the period	-
Disposals and write-off during the period	-
Transfer in (Transfer out)	<u>14,507,934</u>
Balance as at June 30, 2023	<u>170,504,923</u>
<u>Accumulated depreciation</u>	
Balance as at December 31, 2022	(2,650,412)
Depreciation for the period	(1,053,220)
Accumulated depreciation on disposals and write-off	-
Transfer in (Transfer out)	<u>(2,901,587)</u>
Balance as at June 30, 2023	<u>(6,605,219)</u>
<u>Net book value</u>	
Balance as at December 31, 2022	<u>153,346,577</u>
Balance as at June 30, 2023	<u>163,899,704</u>

For the three-month and six-month periods ended June 30, 2023 and 2022, the Company and its subsidiaries had rental income from investment property in the amount of Baht 1.60 million and Baht 0.96 million and Baht 3.38 million and Baht 1.90 million, respectively, (for the Company’s only amounting to Baht 1.78 million and Baht 0.96 million and Baht 3.56 million and Baht 1.90 million, respectively) and operating expenses in the amount of Baht 0.61 million and Baht 0.21 million and Baht 1.31 million and Baht 0.45 million, respectively, (for the Company’s only amounting to Baht 0.64 million and Baht 0.21 million and Baht 1.34 million and Baht 0.45 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, 2023 were summarized as follows:

	Baht	
	Consolidated financial Statements	Separate financial Statements
<u>Cost</u>		
Balance as at December 31, 2022	207,687,081	207,449,953
Acquisitions during the period	3,238,109	3,210,586
Disposals and write-off during the period	(8,457,266)	(8,386,453)
Exchange difference on transactions financial statements	(5,022)	-
Balance as at June 30, 2023	202,462,902	202,274,086
<u>Accumulated depreciation</u>		
Balance as at December 31, 2022	(83,130,816)	(83,053,197)
Depreciation for the period	(6,849,765)	(6,827,435)
Accumulated depreciation on disposals and write-off	8,193,713	8,157,463
Exchange difference on transactions financial statements	5,569	-
Balance as at June 30, 2023	(81,781,299)	(81,723,169)
<u>Net book value</u>		
Balance as at December 31, 2022	124,556,265	124,396,756
Balance as at June 30, 2023	120,681,603	120,550,917

As at June 30, 2023 and December 31, 2022, the Company and its subsidiaries had equipment which were fully depreciated but still in use with the cost price of Baht 38.49 million and Baht 36.26 million, respectively, (for the Company’s only amounting of Bah 38.49 million and Baht 36.26 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, 2023 are presented below.

	Baht
	Consolidated financial statements / Separate financial statements
Cost	
As at December 31, 2022	105,757,284
Addition	-
Written-off	-
Transfer in (Transfer out)	(14,507,934)
As at June 30, 2023	<u>91,249,350</u>
Accumulated depreciation	
As at December 31, 2022	(22,515,247)
Depreciation for the period	(4,901,200)
Depreciation - written-off	-
Transfer in (Transfer out)	2,901,587
As at June 30, 2023	<u>(24,514,860)</u>
Net book value	
As at December 31, 2022	<u>83,242,037</u>
As at June 30, 2023	<u>66,734,490</u>

The Company and its subsidiary lease several assets including office building which lease term 10 years, warehouse which lease term 3 years and equipment of which lease term 4 years.

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, 2023 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial statements</u>
<u>At cost</u>	
Balance as at December 31, 2022	104,307,663
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at June 30, 2023	<u>104,307,663</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2022	(91,684,729)
Amortization for the period	(6,870,493)
Accumulated amortization on disposals and write-off	-
Balance as at June 30, 2023	<u>(98,555,222)</u>
<u>Net book value</u>	
Balance as at December 31, 2022	<u>12,622,934</u>
Balance as at June 30, 2023	<u>5,752,441</u>

14. INTANGIBLE ASSETS

Changes in intangible assets for the six-month period ended June 30, 2023 were summarized as follows:

	<u>Baht</u>
	<u>Consolidated financial Statements / Separate financial Statements</u>
<u>At cost</u>	
Balance as at December 31, 2022	42,260,490
Acquisitions during the period	3,276,935
Disposals and write-off during the period	(202,511)
Balance as at June 30, 2023	<u>45,334,914</u>
<u>Accumulated amortization</u>	
Balance as at December 31, 2022	(30,440,924)
Amortization for the period	(2,011,801)
Accumulated amortization on disposals and write-off	202,507
Balance as at June 30, 2023	<u>(32,250,218)</u>
<u>Net book value</u>	
Balance as at December 31, 2022	<u>11,819,566</u>
Balance as at June 30, 2023	<u>13,084,696</u>

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As at June 30, 2023 and December 31, 2022, the Company and its subsidiaries had intangible assets, which were fully amortized but still in use with the cost price of Baht 7.33 million and Baht 7.41 million, respectively (for the Company’s only amounting of Baht 7.33 million and Baht 7.41 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, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Trade payables				
Trade payables - other companies	129,961,583	168,725,583	128,870,462	166,518,618
Other current payables				
Accrued commission expenses	16,164,242	14,652,252	16,164,242	14,652,252
Accrued bonus	8,179,950	12,908,021	8,179,950	12,730,594
Advance from customers for goods and services	45,948,772	45,856,074	45,569,623	45,249,770
Other accrued expenses	15,994,364	15,682,282	15,396,685	15,331,311
Account payable - Revenue department	4,492,152	3,490,810	4,463,370	3,395,318
Other deposit	1,581,849	1,518,349	1,659,849	1,596,349
Other	13,159,991	7,676,650	13,159,991	7,676,650
Total	105,521,320	101,784,438	104,593,710	100,632,244
Total trade and other current payables	235,482,903	270,510,021	233,464,172	267,150,862

16. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the six-month period ended June 30, 2023 are presented below.

	Baht
	Consolidated financial statement / Separate financial statements
As at December 31, 2022	87,576,596
Increase	-
Accretion of interest	1,048,870
Payments	(5,695,200)
As at June 30, 2023	82,930,266
Less: current portion	(9,482,743)
Lease liabilities - net of current portion	73,447,523

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The following are the amounts recognized in profit or loss for the three-month and six-month period ended June 30, 2023 and 2022 are presented below :

	Baht			
	Consolidated financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Depreciation of right-of-use assets	2,450,600	2,806,599	4,901,200	5,606,478
Interest expense on lease liabilities	516,451	577,408	1,048,870	1,169,160
Leases of low-value assets	36,543	44,037	94,473	92,140
Total	<u>3,003,594</u>	<u>3,428,044</u>	<u>6,044,543</u>	<u>6,867,778</u>

	Baht			
	Separate financial statements			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Depreciation of right-of-use assets	2,450,600	2,806,599	4,901,200	5,606,478
Interest expense on lease liabilities	516,451	577,408	1,048,870	1,169,160
Leases of low-value assets	34,264	35,916	82,841	76,093
Total	<u>3,001,315</u>	<u>3,419,923</u>	<u>6,032,911</u>	<u>6,851,731</u>

For the three-month and six-month periods ended June 30, 2023 and 2022, the Company and its subsidiaries had total cash outflows for leases of Baht 2,884,143 and Baht 2,881,637 and Baht 5,789,673 and Baht 5,762,340, respectively, (for the Company’s only amounting to Baht 2,881,864 and Baht 2,873,516 and Baht 5,778,041 and Baht 5,746,293, respectively).

17. THE EMPLOYEE JOINT INVESTMENT PROGRAM (EJIP)

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Movements of the employee joint investment program for the six-month period ended June 30, 2023 and for the year ended December 31, 2022 were as follows:

	Baht					
	Consolidated financial statements / Separate financial statements					
	For the six-month period ended June 30, 2023			For the year ended December 31, 2022		
	Surplus on share-based payment transactions	(Less) Treasury shares	Net	Surplus on share-based payment transactions	(Less) Treasury shares	Net
Beginning balance	15,439,243	(9,411,239)	6,028,004	13,822,057	(7,425,678)	6,396,379
Movements of the year						
- Employees joint investment program expenses	3,086,794	-	3,086,794	4,556,090	-	4,556,090
- Employees joint investment program expenses paid	-	(2,625,011)	(2,625,011)	-	(4,924,465)	(4,924,465)
- Transfer shares to employees	(4,758,011)	4,758,011	-	(2,248,330)	2,248,330	-
- Employees leave the investment program	(197,152)	197,152	-	(690,574)	690,574	-
Ending balance	13,570,874	(7,081,087)	6,489,787	15,439,243	(9,411,239)	6,028,004

The statements of comprehensive income for the three-month and six-month period ended June 30, 2023 and 2022 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,	
	2023	2022	2023	2022
Cost of sales	315,197	198,143	470,454	422,974
Distribution cost	604,946	406,873	886,130	917,753
Administrative expenses	1,207,635	656,674	1,730,210	1,380,212
Total	2,127,778	1,261,690	3,086,794	2,720,939

18. APPROPRIATION OF RETAINED EARNINGS

According to the resolution of the Annual General Meeting of Shareholders for the year 2023, held on April 24, 2023 the shareholders approved dividend payment at Baht 0.13 per share for the issued and paid up ordinary shares of 584,500,000 shares, in total amount of Baht 75,985,000. The dividend was paid on May 19, 2023.

19. OPERATING SEGMENT

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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, 2023 and 2022 were as follows:

	Thousand Baht									
	Separate financial statements									
	For the three-month period ended June 30, 2023					For the three-month period ended June 30, 2022				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	143,581	17,676	57,165	72,327	290,749	108,471	10,791	61,155	84,686	265,103
Revenue from rendering of services	27,641	-	-	11,366	39,007	21,341	-	-	11,883	33,224
Cost of sale of goods	(99,491)	(12,979)	(42,747)	(40,344)	(195,561)	(80,794)	(7,676)	(44,514)	(51,906)	(184,890)
Cost of rendering of services	(23,634)	-	-	(9,521)	(33,155)	(15,965)	-	-	(9,039)	(25,004)
Gross profit	<u>48,097</u>	<u>4,697</u>	<u>14,418</u>	<u>33,828</u>	<u>101,040</u>	<u>33,053</u>	<u>3,115</u>	<u>16,641</u>	<u>35,624</u>	<u>88,433</u>
Other income					2,875					3,345
Distribution cost					(29,067)					(27,489)
Administrative expenses					(35,377)					(34,534)
Profit from operation					<u>39,471</u>					<u>29,755</u>
Finance cost					(517)					(577)
Income tax expense					(7,656)					(5,758)
Profit for the periods					<u>31,298</u>					<u>23,420</u>
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>31,298</u>					<u>23,420</u>

	Thousand Baht									
	Separate financial statements									
	For the six-month period ended June 30, 2023					For the six-month period ended June 30, 2022				
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total
Revenue from sale of goods	269,619	33,109	114,070	145,690	562,488	223,683	22,612	116,746	159,072	522,113
Revenue from rendering of services	53,068	-	-	20,184	73,252	43,326	-	-	20,901	64,227
Cost of sale of goods	(188,425)	(23,848)	(83,796)	(82,951)	(379,020)	(169,228)	(15,775)	(86,482)	(97,512)	(368,997)
Cost of rendering of services	(49,497)	-	-	(17,282)	(66,779)	(34,795)	-	-	(17,626)	(52,421)
Gross profit	<u>84,765</u>	<u>9,261</u>	<u>30,274</u>	<u>65,641</u>	<u>189,941</u>	<u>62,986</u>	<u>6,837</u>	<u>30,264</u>	<u>64,835</u>	<u>164,922</u>
Other income					9,786					11,094
Distribution cost					(57,968)					(54,231)
Administrative expenses					(71,950)					(69,499)
Profit from operation					<u>69,809</u>					<u>52,286</u>
Finance cost					(1,049)					(1,169)
Income tax expense					(13,567)					(10,448)
Profit for the periods					<u>55,193</u>					<u>40,669</u>
Other comprehensive income					-					-
Total comprehensive income for the periods					<u>55,193</u>					<u>40,669</u>

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Operating segment by business in the statement of financial position as at June 30, 2023 and December 31, 2022 were as follows:

	Thousand Baht											
	Consolidated financial statements											
	As at June 30, 2023						As at December 31, 2022					
	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	156,208	19,003	34,607	43,340	-	253,158	138,489	16,538	32,538	53,732	-	241,297
Inventories	213,991	11,059	94,097	64,467	273	383,887	265,733	9,954	90,783	64,348	270	431,088
Goodwill	-	-	200,066	134,606	-	334,672	-	-	200,066	134,606	-	334,672
Customer relationship	-	-	4,168	1,584	-	5,752	-	-	9,165	3,458	-	12,623
Assets under common use												
- Investment property	-	-	-	-	-	163,900	-	-	-	-	-	153,347
- Property, plant and equipment	-	-	-	-	-	120,682	-	-	-	-	-	124,556
- Right-of-use assets	-	-	-	-	-	66,734	-	-	-	-	-	83,242
- Intangible assets	-	-	-	-	-	13,085	-	-	-	-	-	11,820
- Others	-	-	-	-	-	379,740	-	-	-	-	-	390,458
Total assets for reportable segments	370,199	30,062	332,938	243,997	273	1,721,610	404,222	26,492	332,552	256,144	270	1,783,103
Total liabilities for reportable segments	-	-	-	-	-	394,565	-	-	-	-	-	434,479

	Thousand Baht										
	Separate financial statements										
	As at June 30, 2023					As at December 31, 2022					
	Segment 1	Segment 2	Segment 3	Segment 4	Total	Segment 1	Segment 2	Segment 3	Segment 4	Total	
Assets for reportable segments											
Trade receivables	156,208	19,003	34,607	43,340	253,158	138,489	16,538	32,538	53,732	241,297	
Inventories	213,991	11,059	94,097	62,217	381,364	265,733	9,954	90,784	63,087	429,558	
Goodwill	-	-	200,066	134,606	334,672	-	-	200,066	134,606	334,672	
Customer relationship	-	-	4,168	1,584	5,752	-	-	9,165	3,458	12,623	
Assets under common use											
- Investment property	-	-	-	-	163,900	-	-	-	-	153,347	
- Property, plant and equipment	-	-	-	-	120,551	-	-	-	-	124,397	
- Right-of-use assets	-	-	-	-	66,734	-	-	-	-	83,242	
- Intangible assets	-	-	-	-	13,085	-	-	-	-	11,820	
- Others	-	-	-	-	382,953	-	-	-	-	390,124	
Total assets for reportable segments	370,199	30,062	332,938	241,747	1,722,169	404,222	26,492	332,553	254,883	1,781,080	
Total liabilities for reportable segments	-	-	-	-	391,740	-	-	-	-	430,320	

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,	
		2023	2022	2023	2022
Profit for the periods of parent company	(Baht)	30,417,225	22,876,088	54,025,615	38,968,660
Weighted average number of ordinary shares	(Shares)	584,500,000	584,500,000	584,500,000	584,500,000
Basic earnings per share	(Baht per share)	0.05	0.04	0.09	0.07

		Separate financial Statements			
		For the three-month periods ended		For the six-month periods ended	
		June 30,		June 30,	
		2023	2022	2023	2022
Profit for the periods of parent company	(Baht)	31,297,630	23,419,908	55,192,670	40,669,034
Weighted average number of ordinary shares	(Shares)	584,500,000	584,500,000	584,500,000	584,500,000
Basic earnings per share	(Baht per share)	0.05	0.04	0.09	0.07

21. COMMITMENTS AND CONTINGENT LIABILITIES

As at June 30, 2023 and December 31, 2022, the Company and its subsidiaries had commitments and contingent liabilities as follows:

21.1 As at June 30, 2023 and December 31, 2022, 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, 2023	31, 2022	30, 2023	31, 2022
Million Bath	23.38	22.21	23.38	22.21

21.2 The credit facilities with financial institutions as at June 30, 2023 and December 31, 2022 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, 2023	31, 2022	30, 2023	31, 2022
Bank overdrafts	9.00	9.00	MOR, MOR-0.50	MOR, MOR-0.50
Letter of credit/trust receipt	120.00	120.00	MLR-1,MMR	MLR-1,MMR
Letter of guarantee	74.00	74.00	1.25 - 2%	1.25 - 2%
Forward exchange contracts	410.00	410.00	-	-
Total	613.00	613.00		
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, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022
Due not later than 1 year	0.48	0.50	0.48	0.48
Due later than 1 year but not later than 5 years	0.32	0.56	0.32	0.56

Rental and service expenses for the six-month period ended June 30, 2023 and 2022 were Baht 0.30 million and Baht 0.33 million, respectively (for the Company’s only to Baht 0.29 million and Baht 0.30 million, respectively)

21.4 Commitment relating to purchase of goods and services agreements

As at June 30, 2023, the Company and its subsidiaries had commitments relating to the purchase of goods and services according to memorandums and purchase and sale of goods and services agreements with suppliers. The price and conditions to purchase or sale were as specified in the said memorandum and agreements and average period of was not more than 12 months, as follows:

	Consolidated financial	Separate financial
	statements	statements
	As at June 30, 2023	As at June 30, 2023
Baht	26,045,652	26,045,652
US dollar	1,935,520	1,934,439
EURO	1,089,857	1,089,857
GBP	601,821	601,821
YEN	5,763,600	5,763,600
Yuan	42,413	42,413

21.5 Commitment on capital expenditure

As at June 30, 2023, the Company has capital commitments in the amount of 0.46 million baht.

21.6 Litigation

As at June 30, 2023, the Company had a lawsuit that was being considered by the Civil Court, which had a total claim amount of Baht 11.01 million. Subsequently, on July 11, 2023, the Company had entered into a compromise agreement with the parties in court and agreed to pay compensation for the termination of the labor contract in the amount of Baht 0.76 million within 30 days. The Civil Court considered that the said agreement as legitimate and adjudged under the compromise agreement on the same day, which the case was considered final. The Company has completely recognized such compensation as expenses and liabilities as of June 30, 2023.

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, 2023 and December 31, 2022, 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 June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in unit trusts	-	58,088,941	-	58,088,941
Foreign currency forward contracts	-	(767,069)	-	(767,069)

	Baht			
	Consolidated financial statements / Separate financial statements			
	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities) measured at fair value				
Investments in Bond	-	49,836,877	-	49,836,877
Investments in unit trusts	-	46,888,687	-	46,888,687
Foreign currency forward contracts	-	(1,688,695)	-	(1,688,695)

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 15, 2023.