



15 May 2017

Subject: Management Discussion & Analysis for Quarter 1 ending 31 March 2017

To: The President  
 The Stock Exchange of Thailand

Harn Engineering Solutions Public Company (“The Company”) would like to provide information on the Company’s operating results for Quarter 1 ending 31 March 2017 duly reviewed by the auditor, as follows:

(Unit: Million Baht)	Q1/2017	Q1/2016	Increase (Decrease)	% Change
Revenues from sales and services	292.80	161.61	131.19	81.17
Other revenues	5.03	5.27	(0.24)	(4.55)
<b>Total revenues</b>	<b>297.84</b>	<b>166.88</b>	<b>130.96</b>	<b>78.47</b>
Costs of sales and services	212.57	126.58	85.99	67.93
Selling expenses	20.18	8.86	11.32	127.76
Administrative expenses	34.06	14.39	19.67	136.69
Finance costs	-	-	-	-
<b>Profit before income tax</b>	<b>31.03</b>	<b>17.05</b>	<b>13.98</b>	<b>81.99</b>
Income tax	4.92	3.61	1.31	36.28
<b>Net profit</b>	<b>26.11</b>	<b>13.43</b>	<b>12.68</b>	<b>94.41</b>
Gross profit margin (%)	27.40%	21.67%		
Net profit margin (%)	8.76%	8.05%		

In Q1/2017, the Company recorded total revenues of Baht 292.80 million, increasing by baht 131.19 million or 81.17% from that in the same period of the previous year of Baht 161.61 million.





The segment of revenues from sales and services by business.

(Unit: Million Baht)	Q1/2017	Q1/2016
Fire protection systems and projects	135.76	149.38
Air-conditioning and sanitary products	21.36	12.22
Refrigeration systems	65.54	-
Digital printing systems	70.14	-

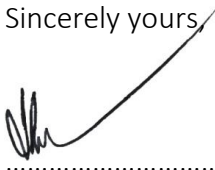
The segment of gross profit by business.

(Unit: Million Baht)	Q1/2017	Q1/2016
Fire protection systems and projects	32.66	31.23
Air-conditioning and sanitary products	5.54	3.80
Refrigeration systems	17.64	-
Digital printing systems	24.40	-

Net profit, Baht 26.11 million increased Baht 12.68 million or 94.41% in the same period of 2016, Baht 13.43 million.

In Q1/2017, more expenses are increased, the costs of sales and services expenses increased Baht 11.32 million and the administrative expenses increased Baht 19.67 million. The main reason of increase are expenses for new business units: the refrigeration systems and the digital printing systems. Such as salary and allowance, the warehouse rental expenses, and the customer relationship expenses. Finally, the depreciation and amortization of the assets that the company had received from the merger companies.

Sincerely yours



(Mr. Wirat Sukchai)  
 Managing Director

