

10 November 2017

Subject: Management Discussion & Analysis for 3th quarter ending 30 September 2017 (Rev1)

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 3 ending 30 September 2017 duly reviewed by the auditor, as follows:

(Unit: Million Baht)	Q3/2017	Q3/2016	Increase (Decrease)	% Change
Revenues from sales and services	344.69	178.62	166.07	92.97
Other revenues	3.05	1.09	1.96	179.82
Total revenues	347.74	179.71	168.03	93.50
Costs of sales and services	245.56	133.79	111.77	83.54
Selling expenses	22.33	8.41	13.92	165.52
Administrative expenses	37.18	21.61	15.57	72.05
Finance costs	-	-	-	-
Profit before income tax	42.67	15.90	26.77	168.36
Income tax	8.77	3.10	5.67	182.90
Net profit	33.90	12.79	21.11	165.05
Gross profit margin (%)	28.76%	25.10%		
Net profit margin (%)	9.75%	7.12%		

In Q3/2017, the Company recorded **revenues from sales and services** of Baht 344.69 million, increasing by Baht 166.07 million or 92.97% from the same previous period of Baht 178.62 million. Due to the full revenue recognition from the business obtained from Chilmatch Co.,Ltd. and its subsidiary. Another reason is the increasing revenue of the Air-conditioning and sanitary products division.





The segment of revenues from sales and services by business.

(Unit: Million Baht)	Q3/2017	Q3/2016
Fire protection systems and projects	159.24	165.58
Air-conditioning and sanitary products	21.03	13.04
Refrigeration systems	89.22	-
Digital printing systems	<u>75.20</u>	<u>-</u>
	<u>344.69</u>	<u>178.62</u>

The segment of gross profit by business.

(Unit: Million Baht)	Q3/2017	%	Q3/2016	%
Fire protection systems and projects	36.28	28.32	40.81	24.65
Air-conditioning and sanitary products	5.72	27.21	4.02	30.83
Refrigeration systems	28.88	32.36	-	-
Digital printing systems	<u>28.25</u>	<u>37.57</u>	-	-
	<u>93.13</u>	<u>28.76</u>	<u>44.83</u>	<u>25.10</u>

Net profit of Q3/2017, Baht 33.90 million increased Baht 21.11 million or 165.05% in the same period of 2016, Baht 12.79 million.

Period Q3/2017, more expenses are increased, the selling expenses increased Baht 13.92 million and the administrative expenses increased Baht 15.57 million. The main reasons of increase are expenses for new business units: the refrigeration systems and the digital printing systems that the Company had received from the entire business transfer.

Sincerely yours,

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(Mr.Wirat Sukchai)

Chief Executive Officer

