

Qualitech Public Company Limited



**STOP**  
CORRUPTION

Annual Report 2016



## Awards and Recognitions



Qualitech Public Company Limited accomplished and has been certified as a member of Private Sector Collective Action Coalition Against Corruption or CAC during the second quarter of year 2016

## Awards and Recognitions



Qualitech Public Company Limited received awards at SET Awards 2016 on Thursday 2 February 2017 as follows.

1. Best CEO Award: CEO of company listed on mai
2. Outstanding CEO Awards: CEO of company listed on mai
3. Outstanding Company Performance Awards: Company listed on mai

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## Vision

To be an AEC's leading service provider in testing, inspection and certification for public safety in 2020



## Value

Reliability, Safety, Agile, Customer Focus and Quality

## Mission

1. We provide engineering inspection and certification for public safety.
2. We are committed to constantly develop the potentials both of our personnel and organization in order to become globally recognized.
3. We set to expand our services and build networking into ASEAN member countries.
4. We are driven based on Good Governance policy and always reminded of responsibilities we have, to society and environment Community.



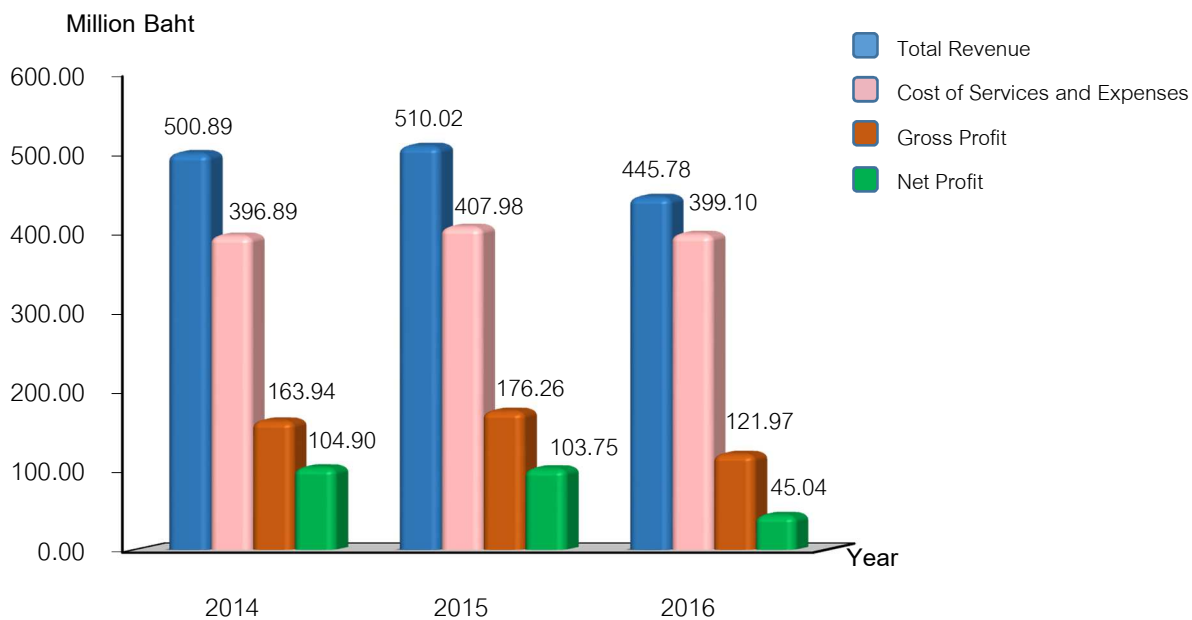
## Financial Summary

	31 December 2016	31 December 2015	31 December 2014
<b>Statements of Comprehensive Income (Million Baht)</b>			
Total Revenue	445.78	510.02	500.89
Cost of Services and Expenses	399.10	407.98	396.89
Gross Profit	121.97	176.26	163.94
Net Profit	45.04	103.75	104.90
<b>Statements of Financial Position (Million Baht)</b>			
Total Assets	503.93	536.53	503.98
Total Liabilities	59.96	88.26	86.00
Total Shareholders' Equity of the parent company	443.97	447.74	416.16
<b>Financial Ratio</b>			
Gross Profit Ratio (%)	27.36	34.56	32.73
Net Profit Ratio (%)	10.03	20.05	20.76
Return on Equity (%)	10.10	24.02	27.07
Return on Total Asset (%)	9.73	21.23	23.31
Debt to Equity Ratio (times)	0.14	0.20	0.21
<b>Earnings Per Share</b>			
Net Profit Per Share (Baht)*	0.46	1.05	1.08
Net Diluted Profit Per Share (Baht)**	0.46	1.05	1.08
Book Value Per Share (Baht)	4.50	4.54	4.24

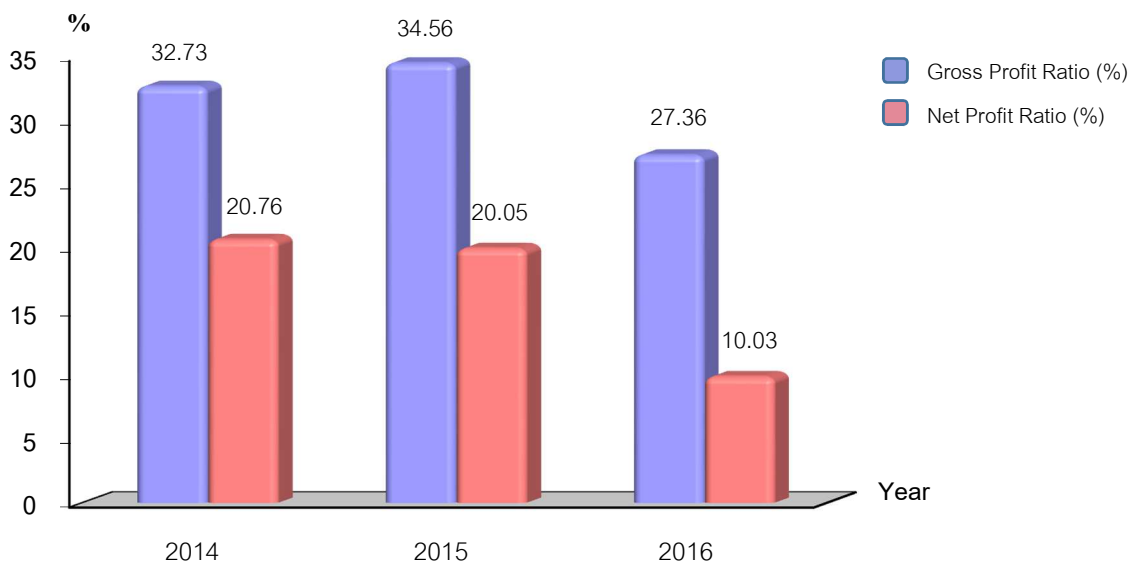
\* Number of shares outstanding computed using weighted average method

\*\* Computed from Shares outstanding

### Financial Summary



### Financial Summary



## Message from Board of Directors

Dear Shareholders,

The reduction in global oil price has been negatively impacted oil and gas exploration and production industry which led to lower demand of the Company's service and more intense competition. To maintain customer base and competitiveness, the Company had to slightly cut the service price. Although the Company foreseen the consequences and tried to encounter them by diversifying the customer base into petrochemical and refining plants, however, it was not sufficient. As a result of it, in 2016, the Company's revenue and net profit decreased to 449.07 million Baht and 44.57 million Baht, or 12.85 percent and 57.04 percent accordingly.

In 2017, the Company has expected continuous consequences in the first half of the year while the industry is predicted to recover in the second half. Additionally, investments and construction of petrochemical plants as well as oil and gas pipeline are going to greatly contribute to the Company's services recovery. The Company, thus, has a plan to maintain service capability and staff availability by organizing training for staffs and rotating excess staffs in some departments to peaked demand one. Moreover, the Company is going to realize service revenue from invested projects within this year.

For market extension, the Company has a plan to enter into neighboring countries, Myanmar is the first country and the rest will be on later phase.

The Company intend to develop the organization for sustainable growth under core values of "Reliability, Safety, Agile, Customer Focus and Quality" and good corporate governance by emphasizing social responsibility and anti-corruption. The Company has consequently certified as a member by Thailand's Private Sector Collective Action Coalition Against Corruption and been awarded for Outstanding Company Performance, Outstanding CEO and Best CEO from SET Awards 2016.

On this occasion, the Board would like express an appreciation to our shareholders, business partners, executives and staffs for your confidence, support, and cooperation with Qualitech.

Mr. Natee Boonparm

Chairman of the Board of Directors

Mr. Sannpat Rattakham

Managing Director



## Report of Audit Committee

Dear shareholders and to whom that may concern

Audit committee of Qualitech Public Company Limited consists of 3 company's independent directors and these directors have qualifications and component of audit committee in accordance with criteria in the notice of Security and Exchange Commission with following lists

- |                  |                |                          |
|------------------|----------------|--------------------------|
| 1. Mr. Somyos    | Jiamjirangkorn | Audit Committee Chairman |
| 2. Mr. Tinnakorn | Sidasombun     | Audit Committee          |
| 3. Mr. Somchai   | Jongsirilerd   | Audit Committee          |

In 2016, audit committee arranged 5 meetings to consider issues by discussing with the executives, internal auditors and auditors in relevant agendas and summarizing materials matter for the operation in year 2016 as follows

### 1. Financial Reports

The Committee audited quarter and annual financial reports along with adequacy of information disclosed, promptitude, compliance with financial report and accounting standards, to ensure the reports accuracy, completion and usefulness.

### 2. Internal Control Adequacy

The Committee audited the adequacy and efficiency of the internal control system by considering reports from Internal Audit Department and Adequacy of Internal Control Evaluation Report. For detected issues, the Committee has given advice and suggestions to executives for improvements.

### 3. Risk Management Adequacy

The Committee audited the risk management policy, progression of operation risk management and other operations of the Company as well as the adequacy of risk management system and internal communication. The Committee considered that the Company adequately has had risk management and assessment system.

### 4. Corporate Governance and Compliance with laws and regulations

The Committee audited and considered that the Company has followed ethics code and good corporate governance. The Company focused on operating the business with sustainable growth, social and environmental responsibilities, and anti-corruption policy.

The Company has correctly complied with laws and regulations related to the business and Stock Exchange of Thailand as well.

5. Connected Transaction and Conflict of Interest

The Committee audited connected transactions of the Company and its subsidiaries, and transactions which conflict of interest may occur, to ensure that the Company has operated in line with related regulations and disclosed information for transparency. The Committee did not find any significantly unusual transactions.

6. Consideration to appoint auditors and compensation

The Committee considered performance of the auditors in previous year and concluded that the auditors have been independent, skillful, experienced in the Company business, and qualified as specified by Securities and Exchange Commission and Stock Exchange of Thailand.

The Committee, thus, proposed to the Company's Board of Directors for shareholders' approval to appoint D I A International Audit Co., Ltd to be the Company's auditors for fiscal year 2016 with the compensation not exceed 940,000 Baht. Name of the auditors are as follows;

Mrs. Vilairat Rojnuckarin	CPA Registration No. 3104 or/and
Mrs. Suvimol Krittayakiern	CPA Registration No. 2982 or/and
Ms. Suphaphorn Mangjit	CPA Registration No. 8125

On behalf of Audit Committee



Mr.Somyos Chiamchirungkorn

Chairman of the Audit Committee

## Report of The Nomination and Remuneration Committee

The Nomination and Remuneration Committee was appointed by the Company's Board of Directors on May 7, 2016 as to be in line with good corporate governance policy of the Company and Stock Exchange of Thailand. The Committee has responsibilities to assist the Company's Board on searching, selecting, proposing appropriate persons to assume the positions of the Company's directors and top executives as well as determining necessary and appropriate monetary and non-monetary remuneration with considerations of transparency, equitable and corporate operation efficiency.

The Committee consists of 2 independent directors and 1 executive director. Currently, Mr.Somyos Chiamchirungkorn, Independent Director, chairs the Committee, Mr.Natee Boonparm, Independent Director, and Ms.Rashaneewan Rawirach, Executive Director, are members of the Committee.

In 2016, meeting 4 times, with perfect attendance, the Committee performed its duties which can be summarized as follows.

1. Prepared the Charter of Nomination and Remuneration Committee
2. Searched and selected persons to assume the position of the Company's executive
3. Considered remuneration form and criteria for the Company's directors and top executives
4. Considered annual remuneration of the Company's directors and proposed to the board for shareholders' approval
5. Considered remuneration of the Company's top executives to propose to the board for an approval
6. Considered the directors' remuneration allocation for year 2016 as a given budget approved by shareholders
7. Considered form and method of top executives' performance evaluation
8. Considered non-monetary benefits such as directors' health insurance
9. Considered employee stock ownership plan and warrant issuing

The Committee has duly performed as stated in the charter, and has maintained the principles of fiduciary duties, transparency, benefits of the Company and stakeholders.

On behalf of The nomination and remuneration committee



Mr.Somyos Chiamchirungkorn

Chairman of The nomination and remuneration committee

## Board of Directors



**Mr. Natee Boonparm**

Chairman/Independent Director /

Member of the Nomination and Remuneration Committee



**Mr. Somyos Chiamchirungkorn**

Chairman of the Audit Committee/ Independent Director/

Chairman of the Nomination and Remuneration Committee



**Mr. Sannpat Rattakham**

Director / Executive Director / Managing Director



**Mr. Sumet Techachainiran**

Director / Executive Director /

Assistant Managing Director



**Ms. Rashaneewan Rawirach**

Director / Executive Director /

Member of the Nomination and Remuneration Committee

## Board of Directors



**Mrs. Maneerat Rattakham**  
Director / The Company's Secretary



**Mr. Somchaan Lubtikultham**  
Director



**Mr. Somchai Jongsirilerd**  
Member of Audit Committee/  
Independent Director



**Mr. Tinakorn Seedasomboon**  
Member of Audit Committee/  
Independent Director

## Nature of Business

### • Company Data •

#### Location and Branch

Company Name	Qualitech Public Company Limited.
Registered Capital	98.57 million Baht with 98.57 million Baht paid up
Type of Business	Non-Destructive Testing Inspection & Certification
Company's registration No.	0107550000220
Website	<a href="http://www.qualitechplc.com">www.qualitechplc.com</a>

#### Head Office

21/3 Banplong Road, Maptaphut,  
Muang, Rayong 21150  
Tel. +66 3869-1408 to 10 Fax. +66 3869-2028



#### Branch Office (1)

1/37 Moo 1, Nongchak,  
Banbueng, Chonburi 20170  
Tel. +66 3810-9651 to 2 Fax. +66 3810-9653



**Branch Office (2)** 50, Soi Pattanakarn 57,  
Prawet, Bangkok 10250  
Tel. +66 2116-9294  
Fax. +66 2722-1132



**Branch Office (3)** 83/50 Moo 10, Nongkham,  
Si Racha, Chonburi 20230  
Tel. +66-3300-5161 to 3 Fax. +66 3300-5164



**Registrar** The Thailand Securities Depository Co., Ltd.  
The Stock Exchange of Thailand Building 14th Floor, Tower A,  
93 Ratchadaphisek Road, Dindaeng, Dindaeng,  
Bangkok 10400  
Tel. +662 009 9378 Fax. +662 009 9476

**Authorized Auditor** Mrs. Suvimol Krittayakiern  
CPA Registration No. 2982  
D I A International Audit Co., Ltd  
316/32 Soi Sukumvit 22, Sukumvit Road,  
Klongtoey District, Bangkok 10110  
Tel. +66 2259-5300 Fax. +66 2260-1553

## Overview of business

Qualitech Plc. Operates the business as an independent third party engineering services provider i.e. testing and giving engineering advices to meet the international standards, for various organizations on the purpose of inspection or quality assessment in accordance with the international standards as specified by the clients. The Company's of engineering services can be divided into 2 parts:

1. **Non-Destructive Testing** means the method of finding defects or malfunctions in the object without causing any damage to them. It includes radiography, ultrasonic, magnetic particle, dye and liquid penetrant test, and other advanced tests.

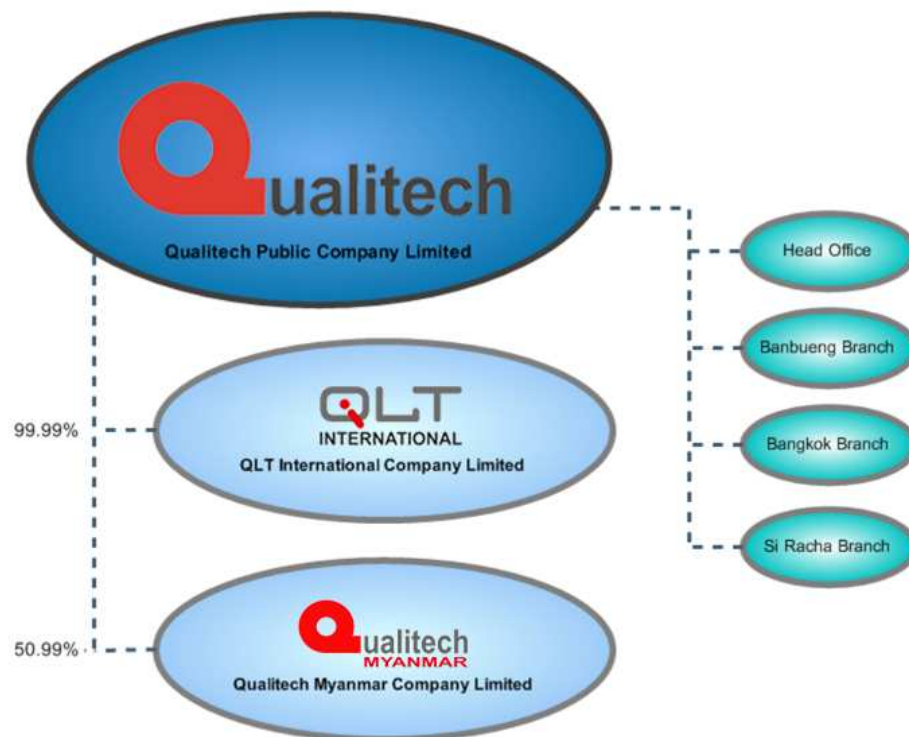
2. **Inspection and Certification** is a continuous or add-on process from the Non-Destructive Testing by using different testing methods, including non-destructive testing, to inspect objects and evaluate as well as issuing reports certifying the serviceability of the tested samples with a conclusion to ensure the suitability for usage. Inspection and certification includes, for instance, inspection and certification pursuant to the laws for LPG and NGV tanks, piping, boilers, fixed tanks oil storage tanks, and fuel & chemical transportation tanks.

The Company provides services to both domestic and foreign clients. The Company's main clients are businesses in the energy industry such as power plants, oil refineries, petrochemical plants, gas separation plants, gas filling plants and plants for manufacturing and installing machinery equipment; as well as users of tanks, machinery, equipment which must be inspected in accordance with the law to ensure safety such as boilers, cranes, LPG tanks, dangerous chemical tanks and high pressure tanks.

The clients for non-destructive testing and those of inspection and certification can be distinguished. 90 per cent of the non-destructive testing clients belong to a group of project contractors which the Company is their subcontractors for NDT service. For inspection and certification, 70 per cent of the clients are project owners and the tasks are carried on bases of periodic plant inspection or as required by law.



## Shareholding Structure of the Company and Affiliates



### Subsidiaries

Qualitech has 2 subsidiaries as follows

#### 1. QLT International Ltd. (QLTI)

Qualitech Plc. holds 99.99 per cent of QLTI which has registered and paid up capital amount of 10,250,000 Baht, and operates in both domestic and international engineering service, testing and inspection of agricultural products, and other related businesses.

#### 2. Qualitech Myanmar Ltd. (QLTM)

Qualitech Plc. holds 50.99 per cent of shares. QLTM has registered and paid-up capital of 2,000,000 Baht, operating in safety engineering service in Myanmar altogether with other related businesses.

\*Qualitech Myanmar Ltd. Has filed to the Department of Business Development for dissolution on December 9, 2016. The dissolution has no effect on the Company operation.

## Revenue Structure

Unit : Million Baht

Type of Work	Operated by	Percentage of Shareholding of company	2016		2015		2014	
			Amount	%	Amount	%	Amount	%
Non-Destructive Testing	QLT	100%						
	QLTI	99.99%	175.95	39.18	285.92	55.26	275.71	54.55
	QLTM	50.99%						
Inspection and Certification	QLT	100%						
	QLTI	99.99%	269.83	60.09	224.10	43.31	225.18	44.55
	QLTM	50.99%						
Others	QLT	100%						
	QLTI	99.99%	3.29	0.73	7.41	1.43	4.53	0.90
	QLTM	50.99%						
Total Revenue			449.07	100.00	517.43	100.00	505.42	100.00

## Risk Factors

### 1. Risk from collection of payments from contractor

The Company's customers can be classified into two major groups. The first one is the manufacturing owners (users); such as PTT, Chevron, ESSO, etc; in which they hold the Company is revenue around 50% and have no payment or credit problems. Another is the group of contractors. The customers in this group hold the Company is revenue around 40%. Normally, in a large project, like oil refinery construction and gas pipeline installation, the project owner will contract a major or main contractor to carry out the project. Qualitech Plc is a subcontractor for the part of engineering testing and inspection. In case where the main contractor did not complete the project, the Company could not therefore collect payment or the payment from the project owner would be overdue thus adversely affecting the Company's operation.

#### *Risk Prevention and Reduction*

The Company has formulated a plan to mitigate the risk of default on payment in the future by carefully credit-assessing its clients. This is done through analysis of financial positions, assessing the sufficiency of registered capital compared with the size of the project to be undertaken, as well as considering debt payment history by asking for information from the relevant parties. Moreover, the Company Classifies grades of its debtors quarterly. Should there be any indication of delayed payment, the Company might ask the contractor to issue a letter to the project owner transferring contractor's debt directly to the project owner, the Company might suspend the provision of services until the arrears are paid, or the Company might proceed by other means as it sees as appropriate.

### 2. Personnel risk

The Company's business is provision of services which requires specific knowledge and expertise in inspection and engineering. Therefore, the Company depends on having staffs with knowledge, expertise, testing skills and can accurately interpret test results. This is because a small error could lead to catastrophic damages to lives and properties. The employee turnover or staff's incompetence would adversely affect the Company.

#### *Risk Prevention and Reduction*

The Company puts personnel development as its first priority, with a policy of staff's knowledge development through domestic and overseas trainings. This includes a plan for a in-house training unit to train the staff using a curriculum which directly concerns non-destructive testing and other relevant curricula, such as safety in the workplace. The Company has a strict staff selection policy to acquire qualified staffs which would enhance the Company's credibility and image. That being said, the Company has continuously been able to find and develop its personnel so that newly recruited staff has adequate knowledge and skills to replace those leaving the Company. At present, the Company has a sufficient number of staffs to provide its services and is constantly developing its personnel to support future expansion.

In addition, the Company has a policy of retaining skilled staff with remuneration at the rate of no less than the average rate in the same industry, and also providing health insurance and setting up a provident fund as the employees' benefits. The Company grants scholarships for the relevant fields of work. The Company expects that the aforesaid policy would be able to retain its staffs.

### 3. Risk from service warranty

In providing the services on non-destructive testing, there will be reports on the test results in accordance with the international standard as well as evidence or supporting data like x-ray film for inspection by radiography. They show the completeness or deflection of the sample tested. It is not a warranty or certification that the inspected sample is in the right condition for usage. Therefore, the Company does not bear the risk, in certifying, for the damage that may arise from the tested sample in the future. However, for inspection and certification services, the Company does inspect and certify serviceability of the sample tested by referring to the result of the non-destructive testing. Thus, there is a risk in case the sample certified by the Company caused damages and there was evidence of assessment errors. The Company might have to bear the responsibility for such damages.

#### *Risk Prevention and Reduction*

The Company has a third-party insurance against damages resulting from accident with liability coverage of 100 million Baht. Moreover, for each inspection and certification, the Company uses the staff with expertise and proceeds with caution and scrupulousness in line with the professional standards. The Company always assesses the satisfaction of individual client on the quality of works, quality of services, safety standards and others. So far, the Company has not received any complaint. The Company is thus confident that the risk from certifying the work is a manageable. Additionally, in the past, the Company has never conducted mistake and that the Company was never responsible for damage caused by work affirmation

### 4. Risk from international competitors following trade and engineering services liberalization

Trade liberalization policy including engineering services liberalization has opened up opportunities for competitors which are transnational companies to offer their non-destructive testing service to companies in Thailand. These transnational companies normally provide advanced non-destructive testing (NDT) service and charge substantially higher than Thai companies. The management thinks that entry into the market of transnational companies is beneficial for making advanced NDT better known and more widespread than now.

#### *Risk Prevention and Reduction*

The Company has adapted itself by forming an alliance with a transnational company with expertise in advanced NDT in order to jointly provide services to clients. By doing so, the Company will be better known and can learn about the technology from its ally. This would prepare the Company for increasing competition in the future.

### 5. Financial Risk

Since the company has neither short term nor long term loan, the risk from interest rate fluctuation is very limited. In addition, business partners have strong financial stability. Consequently, financial risk of the company is not one of the concerns.

### 6. Currency Exchange Rate Risk

The company rarely purchase equipment and consumables abroad. Thus this risk is apparently narrow.

## 7. Risk from Industrial and Competitive Environment

Since the Company is a safety engineering service provider in oil and gas, petrochemical and steel fabrication sectors. During 2015 to 2016, the reduction in global oil price has been negatively impacted oil and gas exploration and production industry which led to lower demand of the Company's service and more intense competition. To maintain customer base and competitiveness, the Company had to slightly cut the service price which consequently affected the Company's financial performance.

For the competition in the market, although the number of competitors is increasing, but the company keeps maintaining customer base by strictly perform services in accordance with our core value.

### *Risk Prevention and Minimization*

1. Maintain loyal customer base by using price strategy
2. Expand customer base to other industry such as petrochemical
3. Develop the organization to meet international standards
4. Develop the personnel in accordance with European standards to enhance service variety

## 8. Consumables Risk

The company procures consumables through numerous domestic suppliers, which minimizes the risk from bargaining power of suppliers. Also, operation planning in advance has been applied to prevent consumables scarcity.

## 9. Risk from Changes of Government Policies, Standards and Regulations Related to the Company

Changing of Government policies, standards and regulation has significant effect on the Company operation, growth and business strategy.

The following policies are possibly created such risks

1) Delay in auction Petroleum Exploration Concession in Gulf of Thailand.

As a result of Government has partially extended contract of currently operational platform to existing oil and gas drilling and exploration companies, it shows a positive sign and confidence. The Government will continue to open an auction of new petroleum concession soon which will create more demand in nondestructive testing service.

2) Transfer Oil Pipeline to supply North and Northeast area.

Government has approved construction plans to build oil pipeline connect from existing lines in Bangkok and nearby provinces to north and northeast area in order to reduce transportation by trucks. The construction will start in 2017. This construction project will require more nondestructive testing in short coming time.

3) Construction Power plants in Krabi and Songkhla.

The demand of electricity in Southern part of Thailand is increasing and The Electricity Generating Authority of Thailand (EGAT) has forecasted of shortage soon. Hence the construction of new power plants in Krabi and Songkhla are planned. These construction projects will require services which the Company is providing. However, these projects are under environmental health impact assessment reevaluation which will take longer time than planned.

4) Nuclear Energy for Peace Act, B.E. 2559

One of the service which the Company provided is radiographic test and using radioactive material. The import and export, registration system of radioactive material are governed by Office of Atoms for Peace. At present The Nuclear Energy for Peace Act, B.E.2559 has enforced and the Authority will issue more regulations to compile with. These regulations has tendency to create more operating cost to the Company as well.

## Structure of Shareholding and Management

### Company Securities

The Company has a registered capital of 98.57 million baht as 98.57 million shares of common stocks, with a par value of 1 baht per share. It has common stocks which were issued and paid-up for 98.57 million baht, consisting of 98.57 million shares of common stocks.

### Shareholding Structure

December 31, 2016			
Rank	Name of Shareholders	No. of Shares	Percentage
1	Mr.Sannpat Rattakham Group <sup>1</sup>	22,300,560	22.62
2	Mr.Somchaan Lubtikultham Group <sup>2</sup>	19,098,335	19.38
3	Mr.Thawatchai Lipithorn Group <sup>3</sup>	12,192,120	12.37
4	Mr.Suthisan Sirichanthorndirok Group <sup>4</sup>	7,398,815	7.51
5	Mr.Sumet Techachainiran <sup>5</sup>	5,039,555	5.11
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,260,100	4.32
7	Ms.Wimol Saetiao	3,675,000	3.73
8	STATE STREET TRUST COMPANY CANADA	2,806,200	2.85
9	CHASE NOMINEES LIMITED	2,170,142	2.20
10	Ms.Rashaneewan Rawirach	1,680,000	1.70
Total top ten major shareholders		80,620,827	81.79
Total no. of shares		98,568,485	100.00

Remark :

<sup>1</sup> Mr.Sannpat Rattakham Group:

Name	No. of shares	% of paid-up shares capital
Mr.Sannpat Rattakham	17,840,000	18.10
Ms.Yanakorn Rattakham	4,410,000	4.47
Mrs.Maneerat Rattakham	35,910	0.04
Ms.Pranee Rattakham	14,650	0.01
Total	22,300,560	22.62

<sup>2</sup> Mr.Somchaan Lubtikultham Group:

Name	No. of shares	% of paid-up shares capital
Mr.Somchaan Lubtikultham	10,027,500	10.17
Ms.Monchaya Lubtikultham	4,660,835	4.74
Ms.Monsicha Lubtikultham	4,410,000	4.47
<b>Total</b>	<b>19,098,335</b>	<b>19.38</b>

<sup>3</sup> Mr.Thawatchai Lipithorn Group:

Name	No. of shares	% of paid-up shares capital
Mr.Thawatchai Lipithorn	4,719,520	4.79
Miss.Nuannapa Lipithorn	3,843,400	3.90
Miss.Kamolnan Lipithorn	3,629,200	3.68
<b>Total</b>	<b>12,192,120</b>	<b>12.37</b>

<sup>4</sup> Mr.Suthisan Sirichanthorndirok Group:

Name	No. of shares	% of paid-up shares capital
Mr.Suthisan Sirichanthorndirok	4,042,500	4.10
Mr.Yutthachai Sirichanthorndirok	3,356,315	3.41
<b>Total</b>	<b>7,398,815</b>	<b>7.51</b>

<sup>5</sup> Mr.Sumet Techachainiran Group:

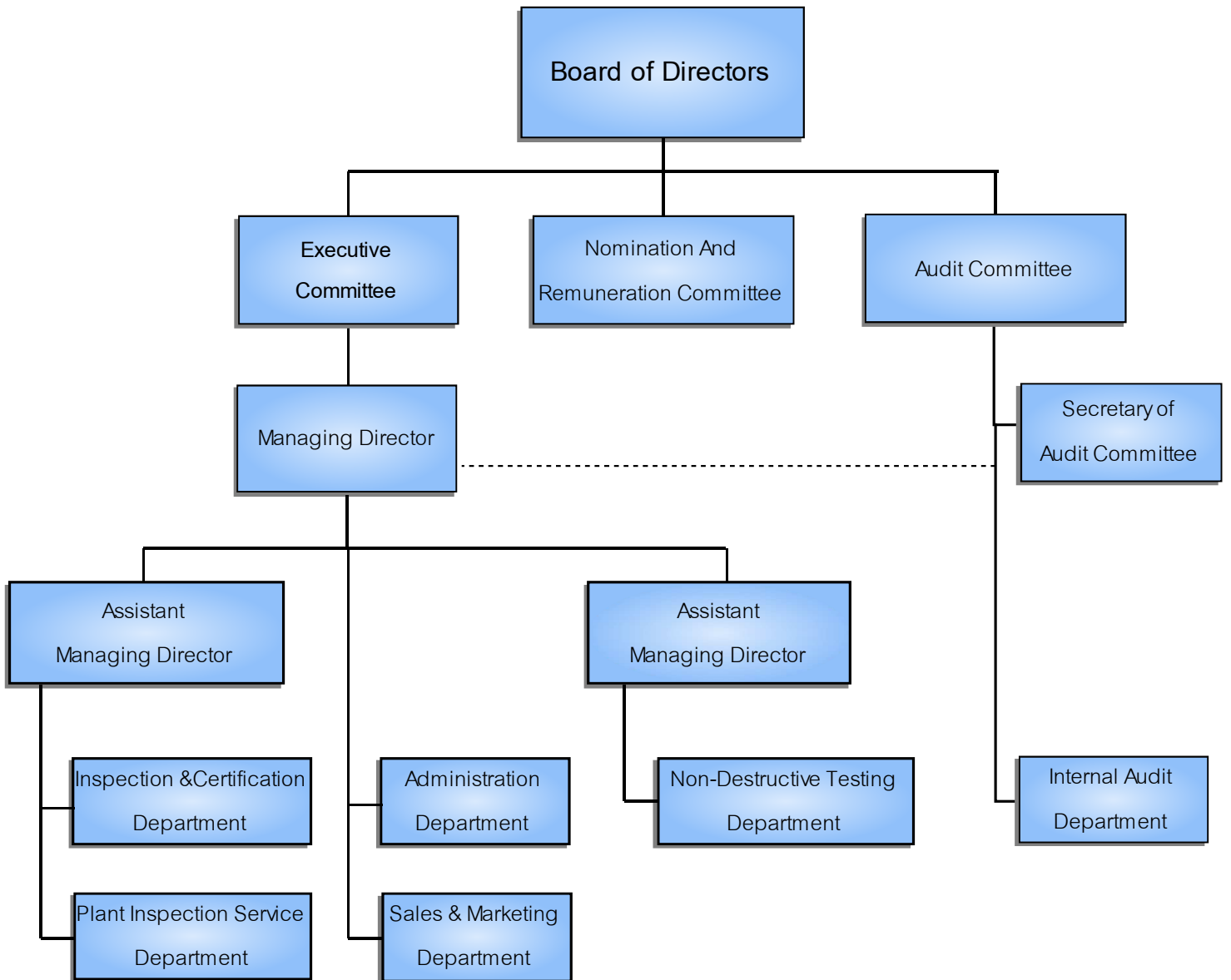
Name	No. of shares	% of paid-up shares capital
Mr.Sumet Techachainiran	4,872,755	4.94
Ms.Nattacha Techachainiran	166,800	0.17
<b>Total</b>	<b>5,039,555</b>	<b>5.11</b>

**Policy on Payment of Dividends**

The Company has a policy to pay dividends to the shareholders at the rate not less than 40 percent of net profit after deducting capital gains tax of juristic person and reserves under the law. However, the Company may require the payment of dividends at the lower rate than the abovementioned rate if it is necessary for the Company to use such net profit to further expand its business.



## Qualitech Public Company Limited



## Management Structure

## Board of Director, 2016

Rank	Name	Position	Education Qualifications	Training on the functions and skills of director
1	Mr.Natee Boonparm	Chairman Independent Director and The nomination and remuneration committee	Master degree	DAP
2	Mr.Somyos Chiamchirungkorn	Independent Director Chairman of the Audit Committee and Chairman of The nomination and remuneration committee	Master degree	DCP
3	Mr.Tinakorn Seedasomboon	Independent Director and Member of the Audit Committee	Master degree	DAP,DCP,ACP
4	Mr.Somchai Jongsirilerd	Independent Director and Member of the Audit Committee	Master degree	DAP
5	Mr.Sannpat Rattakham	Director and Executive Director	Master degree	DAP
6	Mr.Sumet Techachainiran	Director and Executive Director	Master degree	DAP
7	Ms.Rashaneewan Rawirach	Director Executive Director and The nomination and remuneration committee	Master degree	DAP
8	Mr.Somchaan Lubtikultham	Director	Master degree	DAP
9	Mrs.Maneerat Rattakham	Director and The company's secretary	Bachelor degree	DAP

## Authorized directors on behalf of the Company:

Rank	Name	Position
1.	Mr.Sannpat Rattakham	Managing Director
2.	Mr.Sumet Techachainiran	Assistant Managing Director
3.	Ms.Rashaneewan Rawirach	Executive Director

Two-third of whom to co-sign with the Company seal.

## Term of office of directors:

At the Annual General Meeting each year, one-third of all the directors must resign. If the number is not a multiple of three, then the number nearest to one-third must resign. In the first and second year after the company registration, the retiring directors will be selected by drawing lots. In the following years, the most senior directors must resign. The resigned directors may be re-elected.

**Scope of duties and responsibilities of the Board of Directors:**

The Board has the powers, duties and responsibilities in managing the Company in accordance with the laws, objectives and regulations of the Company with morality and Stakeholders benefits. The main powers, duties and responsibilities of the Board are as follows:

1. convene a shareholders' meeting – annual general meeting – within 4 months after the last date of the Company's accounting period;
2. convene a meeting of the Board of Directors at least 3 times a month;
3. prepare the Company's statement of financial position and statement of comprehensive income at the end of the Company's accounting period. The statements will be audited by the auditor and submitted to the shareholders' meeting for consideration and approval;
4. may authorize one or several directors or other person to act on behalf of the Board by being under the supervision of the Board; or authorize that person to have certain authorities within the period that Board deems appropriate. The Board may annul, revoke, modify or change the designation or the scope of authorization when it deems appropriate. Moreover, the Board may authorize the Executive Committee to act with the details of the authorization in accordance with the scope of authorization and duties of the Executive Committee, given that such authorization must not constitute an authorization to the Executive Committee or any authorized person to consider and approve the items in which the Board of Directors, the authorized person, concerned person or interested person have conflict of interests with the Company or its subsidiary; except that such authorization was approved according to the policy and criteria that the Board has considered and approved, which must be in accordance with the law;
5. determine the Company's goals, roadmaps, policies, work plans and budgets; control and supervise the management of the Executive Committee ensuring that it is in line with the given policies except for matters which the law requires that approval from the shareholders' meeting must be sought first, for instance capitalization, capital reduction, sale and ownership transfer of the Company in its entirety or its significant part to other party, purchase or ownership acquisition of other company by the Company, modifying the articles of association or regulation. Moreover, the Board has within its scope of duties to supervise the Company ensuring compliance with the laws on securities and stock exchange. The regulations of the stock exchange concern, for instance, connected transaction, purchase or sale of important assets pursuant to the regulations of the Stock Exchange of Thailand or the law relating to the Company's business;
6. consider the management structure, appoint the Executive Committee, managing director and other directors as deemed appropriate;
7. follow-up on the overall operation ensuring that it continuously goes according to the work plan and budgets;
8. a director must not operate a business of the same type as the Company's or is in competition with the Company; or is a partner in a general partnership, or is a general partner in a limited partnership, or is a director of a private company or other company of the same type as the

Company's or is in competition with the Company, whether it is done for his/her or other party's benefits. The exception is when the shareholders' meeting had been informed prior to his/her appointment;

9. a director must promptly inform the Company if he/she had interest, whether directly or indirectly, in a Company's contract; or if the holding of shares or other properties of the Company or its affiliated company were increased or reduced;
10. be responsible for consider and approval policy and efficient procedure of anti-corruption to acknowledge employees.

#### Audit committee

Rank	Name	Position
1.	Mr.Somyos Chiamchirungkorn	Chairman
2.	Mr.Somchai Jongsirilerd	Member
3.	Mr.Tinakorn Seedasomboon	Member of which have sufficient knowledge in accounting to review the reliability of the financial statement.

With Mrs.Wimol Saephung performs as Secretary to the Audit Committee

#### Term of office of audit committee member:

Audit committee chairman and members have a 3-year term. In case where an audit committee member resigns before the term expires, a replacement member will serve until the remaining term of the resigned member expires.

#### Qualifications:

Audit committee of the Company is independent according to the definition of independence of an independent director:

1. holds shares not exceeding than 1 per cent of the total shares with voting right of the Company, its parent company, subsidiaries, associates, or juristic persons that may have a conflict of interests, provided that the shares held by the related parties of such independent director shall be included;
2. is not a director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, or juristic persons that may have a conflict of interests (presently and 2 years before taking office);
3. is not the person who has relationship by blood or affinity as father, mother, spouse, sibling, and child, as well as spouse of a child of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the Company or its subsidiary;
4. has no business relationship with the Company, its parent company, subsidiaries, associates, or juristic persons that may have conflict of interests, which may obstruct of the independent judgment, including not being the major shareholder, non-independent director or management,

- of any person having business relationship with the Company, its parent company, subsidiaries, associates, or juristic persons that may have conflict of interests;
5. is not the auditor of the Company, its parent company, subsidiaries, associates, or juristic persons that may have a conflict of interests, which may obstruct of the independent judgment, and is not the major shareholder;
  6. non-independent director or management of any person having business relationship with the Company, its parent company, subsidiaries, associates, or juristic persons that may have conflict of interests;
  7. is not the professional service provider, including legal service or financial advisor that receives service fee of more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, or juristic persons that may have a conflict of interests, and is not the major shareholder, non-independent director, management or managing partner of the professional service provider;
  8. is not the director who is nominated to be the representative of the Company's Board of Directors, major shareholders, or any other shareholder related to the major shareholders;
  9. is not any otherwise which renders him/her unable to have independent opinion;
  10. is not the director who is assigned by the Company's Board of Directors to make decision in operating the Company, its parent company, subsidiaries, associates, same-level subsidiaries, or juristic persons that may have a conflict of interests, and is not a director of a registered company which is a parent company, subsidiary, associate or same-level subsidiary;
  11. has the duties of the nature as stipulated in the Notification of the Stock Exchange of Thailand on the qualifications and scope of work of the audit committee.

#### **Terms of reference and responsibilities of the Audit Committee:**

Terms of reference of the Audit Committee:

1. verify that the Company accurately and adequately report on its quarter and annual financial statements by coordinating with the external auditor and management responsible for financial statement. The Audit Committee may propose that the auditor verify or audit any item deemed necessary and important during the Company's auditing;
2. verify that the Company has proper and effective internal control and internal audit system;
3. verify that the Company conforms with laws regarding securities and stock exchange, regulations of the stock exchange, or laws regarding businesses of the Company;
4. consider, select, propose an appointment, and propose remuneration to auditors of the Company;
5. consider accurately and completely disclosing the Company's information in case of connected transactions or items related to conflict of interests;
6. prepare an auditing report of the Audit Committee for disclosure in the annual report of the Company which must be signed by the Audit Committee Chairman;
7. conduct any other works as assigned by the Board of Directors with consent from the Audit Committee;

8. report the work of the Audit Committee to the Board of Directors at least every 3 months;
9. be empowered to audit and investigate on certain matters, as necessary, including seeking other independent professional opinions when deemed necessary, using the Company's expenses, in order to perform its duties and responsibilities successfully;
10. Control policies and procedures against corruption to ensure that the company complies with laws and ethic code.

#### Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee comprises of 3 directors as follows

Rank	Name	Position
1.	Mr.Somyos Chiamchirungkorn	Chairman
2.	Mr.Natee Boonparm	Member of the Committee
3.	Ms.Rashaneewan Rawirach	Member of the Committee

#### Term of office of the Committee

1. The Committee is appointed by the Company's board and has 3-year term
2. After their term is completed, the board shall assign new members of the Committee within 2 months after the termination. The previous members may reassume the position.
3. In case there is a vacancy in the Committee, the board shall appoint a qualified person to serve the position with the term equivalent to the remaining term of the previous member.
4. Member of the Committee shall vacate if
  - (a.) The term is expired
  - (b.) Resign
  - (c.) Dead
  - (d.) Discharge by the board
5. Member of the Committee shall notice the Company with reasons 1 month prior to resignation.

#### Qualifications

1. Be the Company's director
2. Has skills, experience and adequate time to strongly contribute to the Company
3. Be equitable in searching and selection a person to assume the Company's positions of director and top executives
4. In case the member's term of the Company's director is completed and reelected, the member shall reassume the position in the Committee with the remaining term.

### Scopes and Responsibilities of the Committee

1. Determine qualifications of the Company's director and top executive
2. Consider searching form and criteria for person to assume positions of the Company's directors and top executives
3. Select qualified personnel and propose to the board or shareholders to assume the position of the Company's director, or propose to the board to assume the position of the Company's top executive
4. Consider remuneration form and criteria for the Company's directors and top executives
5. Consider annual remuneration of the Company's directors and acknowledge the board to pass forward for shareholders' approval
6. Consider annual remuneration of the Company's top executives and pass forward to the board for acknowledgement or objection
7. Prepare a report of the Committee to the board at least once a year
8. Rectify the charter of the Committee and propose to the board for an approval
9. Evaluate performances of the Company's top executives and report to the board

### Executive committees

The Company's executive committee comprises 3 members:

Rank	Name	Position
1.	Mr.Sannpat Rattakham	Managing Director
2.	Mr.Sumet Techachainiran	Assistant Managing Director
3.	Ms.Rashaneewan Rawirach	Executive Director

### Terms of reference and responsibilities of the executive committee:

The Executive Committee has the powers, duties and responsibilities in overseeing the Company's normal operation and management, determining policies, business plans, budgets, management structure and various management powers of the Company, as well as criteria in operating the business in light of the economic conditions, which will be submitted to the meeting of the Board of Directors for its consideration and approval and/or consent; together with inspection of and follow-up on the result of the Company's operation according to the specified policies. The main duties and responsibilities are as follows:

1. operate and manage the Company's operation according to the objectives, regulations, policies, rules, requirements, orders and decisions of the Board of Directors and/or the decisions of the shareholders' meeting;
2. consider determining policies, directions and strategies of the Company's operation; determining financial budgetary plans, human resources management, investment, business expansion, public relations according to the framework approved by the Board of Directors; and supervise the performance of appointed working group, ensuring that it meets the set goals;

3. consider annual budget allocation as proposed by the managing unit, before submitting to the Board of Directors for consideration and approval, including consider and approve the modification and addition of annual expense budget while there is no meeting of the Board of Directors and submit it to the Board of Directors for approval or confirmation at the next meeting;
4. approve payment of the Company for purchasing raw materials in its normal business within the 50 million baht limit (fifty million baht only);
5. approve payment of the Company for purchasing equipment and fixed assets for normal operation within the 20 million baht limit (twenty million baht only);
6. approve the Company's sale and provision of services in its normal business such as approval for sale of merchandise and conclusion of hire contract in its normal business, within the 150 million baht limit (one hundred and fifty million baht only);
7. approve opening/closing of all types of deposit accounts with banks or financial institutions, and determine the conditions for money withdrawal or legal transactions of that deposit account;
8. approve on decision to get a loan or line of credit, to issue debt securities, to get an overdraft or other type of loan from a bank or financial institution or ordinary person, in its normal business, within the 50 million baht limit (fifty million baht only), including asking the bank to issue a letter of guarantee for the benefit of the Company's operation, within the 150 million baht limit (one hundred and fifty million baht only);
9. approve on decision to mortgage or place as collateral the Company's assets for the purpose of guaranteeing existing or future debts of the Company, within the 20 million baht limit (twenty million baht only);
10. approve on decision to buy and sell investment units, open-end government bonds fund or money market fund by submitting to the Board of Directors for their information in the next meeting;
11. approve payment for major investment stipulated in the annual expense budget, as authorized by the Board of Directors or as the Board of Directors has approved in principle;
12. act as advisory committee for the management unit on policies concerning finance, marketing, personnel management and other operations;
13. determine the organizational structure and organizational management power, including appointment, hiring, dismissal, transfer, determining wages, remunerations and bonuses for employees and executives;
14. have the power to authorize one or several members of the Executive Committee or other person to perform certain acts, by being under the supervision of the Executive Committee; or authorize that person to have certain authorities within the period that the Executive Committee deems appropriate, which the Executive Committee may annul, revoke, modify or change the designation or the scope of authorization as it deems appropriate;
15. acquire shares or invest in other companies with financial amount not exceed 5 million Baht;
16. approve loans to subsidiaries will financial amount not exceed 5 million Baht;



17. perform other functions as assigned on a case-by-case basis by the Board of Directors.
18. Determine supportive system for anti corruption policy to be able to communicate to all relevant units, and consider and revise systems and procedures to be in line with the business, laws and regulations.

The Executive Committee must not consider and approve items that it has interests in, or has conflict of interests with other company or its subsidiary, except where it is an approval of items in accordance with the policies and criteria considered and approved by the Board of Directors or the shareholders' meeting, and is in accordance with the law. The Board of Directors may annul, revoke, modify or change the authority of the Executive Committee by decision of the Board of Directors.

Moreover, the Executive Committee may authorize the Managing Director or the Company's staff to act, in accordance with the criteria that the Executive Committee has considered and approved. However, the authorization must not constitute an authorization for a person related with, having interests in or conflict of interests with other company or its subsidiary.

#### Terms of Reference and Responsibilities of the Managing Director

1. supervise operation and/or manage day-to-day work of the Company;
2. implement or carry out work in accordance with policy, plan and budget approved by the Board of Directors and/or Executive Committee of the Company;
3. act as an authorized person of the Company in managing Company's business to fully comply with objectives, articles of association, policies, regulations, rules, orders, decisions of shareholders' meeting and/or decisions of the Board of Directors and/or Executive Committee;
4. entrusted with power to authorize and/or designate any person to carry out specific task on his behalf. Such authorisation and/or designation shall be within the scope of the power entrusted and/or shall be in accordance with regulations, rules or orders stipulated by the Board of Directors and/or the Company;
5. regularly follow up and evaluate performance of the Company in order to reduce any risk of the Company caused by internal and external factors;
6. consider concluding contracts related to Company's business and other contracts benefiting Company's business, including formulating procedures and methods for the conclusion of such contracts to be submitted before the Executive Committee and/or the Board of Directors;
7. approve payment of Company's purchase in its normal business, such as purchasing raw materials and purchasing tools, equipments or permanent assets used in its operation within the 10 million baht limit (ten million baht only);

8. approve or appoint a sub-attorney for the Company's sale, provision of services in its normal business, such as approving the sale of merchandises and approving the conclusion of hire contracts in normal business within the 50 million baht limit (fifty million baht only);
9. consider the allocation of emoluments, rewarded money or other remunerations as approved by the Board of Directors to staff, employees of the Company or to persons conducting business for the Company;
10. authorized to hire, assign and appoint as well as transfer staff to different chain/division/department, or to dismiss, determine wages, remunerations, bonus, welfare relating to all staff of the Company except for senior executives;
11. authorized to issue order, regulation, notification and memorandum to ensure that work has been undertaken in line with Company's policy and for Company's benefits, and that regulations and disciplines of the organisation have been observed;
12. authorized to act or grant power of attorney on behalf of the juristic person as an Engineering Inspection Body for Boiler registered with the Department of industrial Works;
13. authorized to affix the signature for certified copy of related documents;
14. perform other functions as assigned on a case-by-case basis by the Board of Directors/the Executive Committee;
15. authorized to or grant power of attorney on behalf of the company to apply for permission/ license requisition and extension for authority to approve inspection reports, as well as to send the reports and arrange a meeting with officials of the Department of Industrial works and the Department of Energy Business;

The Managing Director shall not approve any item that he/she has personal interest in or conflict of interests with the Company unless such approval has been made in accordance with the policy and criteria considered and approved by the Board of Directors or by the shareholders' meeting and in accordance with the laws. In this regard, the Board of Directors may annul, revoke, modify or change the power of the Managing Director by its unanimous vote.

Moreover, the Managing Director may delegate his power to a member of staff of the Company to perform functions in accordance with the details of the criteria for delegation of power as considered and approved by the Managing Director. In this connection, the power shall not be delegated to any person who is related to or has personal interest in or conflict of interests with the Company or its subsidiaries.

### Selection of Directors and Executives

The Company has formed the Nomination and remuneration committee to consider and propose policies related to directors, member of each committee and managing director. The searching and nomination is based on qualification, skill, experience and ability to contribute to the Company. The shareholders then vote to appoint the director by majority as the following criteria.

1. A shareholder shall have the number of vote corresponding to the number of share that he holds (one share, one vote);
2. In the process of selection of Company's directors, votes may be given to nominees individually or to several nominees at the same time, as the shareholders' meeting deems appropriate. In any voting, each shareholder shall have the voting right as stipulated in item 1 above; however, the number of votes of the shareholder, no matter how many votes he has, shall be indivisible;
3. Majority rule shall be used in the selection of directors. If there is a tie, the Chairman of the meeting shall have an additional vote as a casting vote.

### Remuneration of Directors and Executives

#### (1) Remuneration of directors

The Annual General Meeting of shareholders for the year 2016, held on April 21, 2016 has determined the remuneration of Directors and Audit Committee for meeting allowances are as follows:

Position	Meeting allowances
<i>Board of Director</i>	
Chairman	16,500 Baht/per time
Director	11,000 Baht/per time
<i>Audit Committee</i>	
Chairman of the Audit Committee	13,200 Baht/per time
Member of the Audit Committee	11,000 Baht/per time
<i>The nomination and remuneration committee</i>	
Chairman of The nomination and remuneration committee	13,200 Baht/per time
Member of The nomination and remuneration committee	11,000 Baht/per time

The Pension of Directors neither exceed nor 3 million Baht, which the amount individual pension is determined by the Board of Directors.

## Attendance of the Meeting of Board of Directors in 2016

No.	Name of the Board of Directors	Board of Directors (number of times)	Audit Committee (number of times)	nomination and remuneration committee (number of times)
1	Mr.Natee Boonparm	6/6	-	4/4
2	Mr.Somyos Chiamchirungkorn	6/6	5/5	4/4
3	Mr.Tinakorn Seedasomboon	6/6	5/5	-
4	Mr.Somchai Jongsirilerd	6/6	5/5	-
5	Mr.Sannpat Rattakham	6/6	-	-
6	Mr.Sumet Techachainiran	6/6	-	-
7	Ms.Rashaneewan Rawirach	6/6	-	4/4
8	Mr.Somchaan Lubtikultham	6/6	-	-
9	Mrs.Maneerat Rattakham	6/6	-	-

## Directors' Remunerations in 2016

No.	Name of the Board of Directors	Meeting allowances	Pension	Total
1	Mr.Natee Boonparm	138,500.00	380,000.00	518,500.00
2	Mr.Somyos Chiamchirungkorn	192,000.00	285,000.00	477,000.00
3	Mr.Tinakorn Seedasomboon	116,000.00	171,000.00	287,000.00
4	Mr.Somchai Jongsirilerd	116,000.00	171,000.00	287,000.00
5	Mr.Sannpat Rattakham	63,000.00	171,000.00	234,000.00
6	Mr.Sumet Techachainiran	63,000.00	171,000.00	234,000.00
7	Ms.Rashaneewan Rawirach	107,000.00	171,000.00	278,000.00
8	Mr.Somchaan Lubtikultham	63,000.00	171,000.00	234,000.00
9	Mrs.Maneerat Rattakham	63,000.00	171,000.00	234,000.00
<b>Total</b>		<b>921,500.00</b>	<b>1,862,000.00</b>	<b>2,783,500.00</b>

## Directorial remuneration summary for 2015 and 2016

Remuneration	2016		2015	
	Person	Baht	Person	Baht
Meeting allowances	9	921,500.00	9	775,000.00
Pension	9	1,862,000.00	9	1,900,000.00
<b>รวม</b>		<b>2,783,500.00</b>		<b>2,675,000.00</b>

### Remunerations of the Executives

Ten executives at the level of manager of a division or more senior received remunerations, i.e. salary and bonus, from the Company totaling 26,878,637.10 baht in 2016.

#### (2) Other Remunerations

The Company set up a provident fund for its staff. Conditions for contribution to the fund are as follows:

Duration of work	Duration of work
From 1 year but less than 5 years	3.00
From 5 years but less than 10 years	6.00
From 10 years onwards	9.00

### Personnel

Number of personnel as of 31 December 2016 in the company is 495 people with following details

Institute	Number of Personnel	
	2016	2015
1. Administration Department	19	18
2. Operation Department	420	436
3. Support Department	56	60
<b>Total</b>	<b>495</b>	<b>514</b>

### Employee Return

Employees of the company and subsidiary will receive return in cash and non-cash form such as salary, annual bonus, OT, allowance, active payment and other welfares in form of cash. Essential non-cash return includes provident fund, loan fund for employee, social security, group life and health insurance, annual medical checkup, contributions, uniform, employee shuttle, educational subsidy for employee's child. Moreover, the company also supports expense of training, seminars of both internal and external trainings.

## Corporate Governance

Qualitech Public Company Limited is well aware of the importance of compliance with the principle of good corporate governance for the operation of its business. Thus, the Board of Directors has implemented its policy on the directors of the Company to comply with the principle and best practices which are in line with the Code of Best Practices for Directors of Listed Company in accordance with the guidelines of the Stock Exchange of Thailand. In this connection, practicality is taken into account during the formulation of any relevant provision. Furthermore, the Company adopts the principle of good corporate governance as a guideline to develop its policy which covers rights and equality of shareholders and stakeholders, structure, role and function, responsibility and independence of directors, disclosure of information and transparency, risk control and management, as well as ethics in business. This is to ensure the efficiency and transparency of the management and operation of business of the Company. The principle consists of the following 5 chapters:

### Chapter 1 Shareholders' Rights

The Company is aware of and puts as priority the shareholders' rights by not acting in any way to violate or deprive of the rights of the shareholders and by supporting the shareholders to exercise their rights. Basic rights of the shareholders consist of purchasing, selling or transferring of share, receiving profit of the Company, receiving sufficient information and data of the Company, participating the meeting, including voting in the shareholders' meeting to remove director, appointing auditor, and participating in any matter that affects the Company, such as allocation of dividend, formulation or amendment of articles of association and memorandum of association, capital reduction or capitalisation, and approval of special programme.

In this regard, the Company will take the following actions to promote and facilitate the exercise of shareholders' rights:

- The company stipulates to arrange annual general meeting once a year within not over 4 months from the end dates of company's accounting year so that shareholders can participate in monitoring and perceiving operation report of the company in previous year round.
- The company prepares complete meeting documents for voting support of shareholders by revealing information to shareholders in advance through information report system of Stock Exchange of Thailand and on Company's Website.
- The company assigns Thailand Securities Deposit Company Limited which is the security registrar of the company to deliver invitation letter to meeting with details support agendas before the meeting date at least 21 days and publicize invitation letter to shareholder's meeting with details on website of the company before sending invitation letter and advertise in newspaper for 3 consecutive days to make prior information to shareholders.

- The company facilitates shareholders who desire to accept annual report that they can contact via channels such as email. Telephone, fax and return envelope that the company will send by post immediately when shareholders request including prepare such report for them on the meeting date also.
- The company must not add any additional agenda submitted without prior notice to the shareholders along with giving rights to express their opinions and questions before making decisions.
- during each shareholders' meeting, the Chairman of the meeting shall inform relevant rules of procedure of the meeting, including those relating to voting and allocation of sufficient time for the meeting
- Directors of the company have to attend the shareholders meeting, answer the questions clearly and relevantly. In addition, Accounting and Finance Division Manager jointly answer the questions related to financial statements.
- Shareholders are allowed to submit questions or suggestion prior to the meeting as well as to express their opinion and file the question before the meeting. The relevant directors and executives shall attend the shareholders' meeting to answer the questions before the meeting;
- where a shareholder cannot attend the meeting, the Company allows the shareholder to authorize independent director or any person to attend the meeting as a proxy;
- The Company will record any important issue or opinion in the report of the meeting as a reference for the shareholders.

## Chapter 2 Equal Treatment of Shareholders

The Company shall treat each shareholder, whether he/she is an executive, non-executive, foreign or minority shareholder, equally and fairly. The principles of such treatment are as follows:

- The company entitles shareholders of the company to trade securities they are holding freely.
- The company entitles shareholders to accept share certificate and right of transfer.
- The company provides the shareholders the right to vote equally.
- The company entitles shareholders to accept sufficient and punctual information in forms suitable for decision.
- The company gives a chance to minor shareholders to nominate a person to position as the committee in advance and proper time.
- The company entitles shareholders to appoint and demote the committee.
- The company entitles shareholders to agree with auditor appointment and audit fee specification.
- The company entitles shareholders to receive profit share from the company in form of dividend.

- The company has attached the Proxy (Form B.), which is for shareholders to decide the voting directions, with the Invitation to the Annual General Meeting of Shareholders for those who are not available to attend, by giving attending and voting authority to independent directors or other individual.
- The company provides the shareholders the right to propose meeting agendas and candidates for the director election prior the Annual General Meeting of Shareholders.
- The Board of Directors shall not include additional agendas of the meeting, which are unnecessary, without advance notice to the shareholders, particularly those important agenda that the shareholders need time to study information before making a decision;
- The Company does not permit the use of Company's data. Any agency holding Company's data is forbidden from disclosing such data to any unrelated agency or person. Disclosure or use of the data by the staff or executives for the benefit of their own or of other related person is considered as a serious wrongdoing and shall be subject to disciplinary punishment. In addition, the Company has a policy and method to scrutinise the directors and executives who use the data which is not yet disclosed to the public for their own benefit in buying or selling securities as stipulated in the topic: Supervision of Using of Internal Data;
- Directors and executives of the Company is shareholders shall disclose data relating to their own interest in each agenda so that shareholder meeting will be able to consider transaction that may have conflict of interests and to decide for the benefit of the Company as a whole. The directors and executives who have such personal interest shall not be permitted to vote in the relevant agenda of the meeting. The company will compile the agenda information and published on the company's website at [www.qualitechplc.com](http://www.qualitechplc.com) (click at investors relations > shareholder information > shareholders' meeting invitation letter) 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting.

### Chapter 3 Role of Stakeholders

The Company places importance on the rights of every group of stakeholders and has a policy to treat each important group as follows:

**Shareholders:** the company is committed to operate its business at its best by using knowledge and management skills and by upholding the values of honesty and fairness for the benefit of the all shareholders as a whole, as well as by regularly disclosing complete and accurate data;

**Staff:** the company provides fair remunerations to the staffs whom are the crucial factor of the company's success. Thus, the company put emphasis on fairness treatment both in career opportunity and compensation by using Key Performance Index (KPI) as a measurement, maintain working environment that is safe for lives and properties, place importance on capacity building of the staff thoroughly and on a regular basis,



strictly comply with laws and regulations relating to the staff, including omit any act that is unfair and may affect employment security of the staff, as well as treat members of the staff politely and respect their human dignity.

**Customers:** the company is committed to deliver products and services with quality, meeting the standards, and at reasonable price, to strictly and regularly keep clients' secret, to endlessly look out for business opportunities to continuously benefit clients and to strictly honour the conditions that it has with the clients.

**Traders and Creditors:** the company shall not commit any fraud in dealing with traders and creditors and is committed to strictly comply with conditions that it has with the creditors, whether they are related to the purpose of payment, reimbursement, securities, guarantees, business negotiation and other matters that it has agreed with the creditors for their common interests.

**Competitors :** the company shall comply with the rules of fair competition, shall not illegally and inappropriately seek for data that are competitors' trade secrets and shall not defame its trade competitors by maliciously making a false claim.

**Public Society:** The company will not take any actions that cause damages to society and foster social responsibility to employees in every level continually and seriously along with practice or control for serious action according to intention of law and regulations issued by governance institute including seeking opportunities to support social creativity activity.

**Environment:** The company will not take any actions having bad impact on natural resources and environment and support every-level employees to realize importance of utilizing resources effectively and all employees and the relevant can participate in environmental maintenance.

Complaint or comment to the company through following channels;

- website : <http://www.qualitechplc.com/index.php/th/webboard>
- E-mail : [info@qualitechplc.com](mailto:info@qualitechplc.com)
- Tel : +66 3869 1408-10 Fax: +66 3869 2028
- Mail to :
  1. Ms.Kunlanit Sarapab, Administration Department Manager
  2. Mrs.Wimol Saephung, Audit Committee's secretary

Qualitech Plc. 21/3 Banplong Road, Maptaphut, Muang, Rayong 21150.
- For employees can complaint or suggest an opinion to operation committee via internal email of the company.

#### Chapter 4 Disclosure of Data and Transparency

The Company places importance on disclosure of accurate, complete, transparent, data in timely manner which meets the standards in accordance with the criteria provided by the Stock Exchange of Thailand, such as Annual Registration Statement (from 56-1) and Annual Report (from 56-2), altogether with financial report and general data, as well as other important data that may effect value of securities or procedures of decision making of Company's investors and stakeholders. This is to ensure that those related to the Company receive data equally. In this connection, the Company has publicized the data through the Stock Exchange of Thailand and website: [www.qualitechplc.com](http://www.qualitechplc.com).

The Board of Directors is aware of responsibility to financial report that is accurate, complete, true and reasonable. Company's budget is determined in accordance with certified accounting standards, with the suitable accounting policy. Record of accounting data must be accurate, complete and sufficient in order to help maintaining the assets and to acknowledge the weak points which will prevent material fraud and irregularity. The Company always adheres to this practice, including sufficiently discloses of important data as appeared in the remark of the budget. Further, the Board of Directors also appoints audit committee to examine the financial report, check against the list and inspect internal audit system. In this regard, the audit committee will report the result of the examinations to the Board of Directors at every meeting of the Board of Directors. At all events, the report of the Board of directors, the Audit Committee and the Auditors, along with the Directors name list, duties and responsibilities, and tenure are disclosed in the Annual Report.

As regards investors' relation, the Company is yet to establish a unit responsible for investors' relation; however, it has entrusted Mr.Sannpat Rattakham, Managing Director and Miss. Kunlanit Sarapab, Administration Department Manger to contact shareholders, analysts and other relevant people

#### Chapter 5 Responsibility of the Board of Director

##### (1) Structure of the Board of Director

The Board of Directors consists of directors who are knowledgeable, competent and have experiences in business benefiting the Company and without any record of failure to obey The Securities and Exchange Commission regulations. The Board of Directors is appointed by shareholders' meeting comprising 9 persons. Out of 9 persons, 4 persons are independent directors, 1 person is a Chairman of the directors, 3 persons are auditing directors, at least 1 of which must have sufficient knowledge in accounting to review the reliability of the financial statement. The Company requires that at least 1 out of 3 of all the directors, not less than 3 in total, must be independent director, acting on behalf of minority shareholders in examining and keeping the balance of business management of the Company to ensure soundness, fairness and maximum benefit of the shareholders. The directors are allowed to take a position of committee in other listed companies not exceed 3 companied.

The Chairman of the directors shall not be the same person as the Chairman of the Executive Committee and the Managing Director. This is to ensure check and balances of the management. In this connection, the Company clearly provides the terms of reference and responsibility of the directors of the Company, executive directors and the Managing Director to prevent the executive directors and the Managing Director exercising power in management and approving the budget without limitation.

## (2) Subcommittees

The Board of Directors appoints subcommittees to supervise the business, namely:

- Executive Committee, not less than 3 persons, responsible for facilitating the management, with the terms of reference mandated by the Board of Directors;
- Audit Committee, not less than 3 persons, responsible for examining financial reports, cross-transactions and internal control system and assist in supervising the operation of the Company, with the terms of reference mandated by the Board of Directors. Every member of the Committee shall possess the qualification as stipulated by the security and exchange law or by rules, notifications, orders or regulations of the Security and Exchange Commission in Thailand.

Currently, Qualitech Public Company limited does not appoint corporate governance committee as sub-committee and it is duty of company's committee to supervise works in accordance with good practices of authorized company to cover regulations of each section by assigning administration department to manage work following policy of corporate governance of the company strictly

However, in the future, the Company may establish other committees responsible for the mandated tasks, assisting the Board of Directors in management work.

## (3) Role, Duty and Responsibility of Directors

The Board of Directors is responsible for setting policy, vision, strategy, aim, mission, business plan and budget of the Company. It also supervises the management and management to be in line with the policy, efficiently and effectively under the laws, objectives and articles of association of the Company as well as the decisions of shareholders' meeting. The Board of Directors provides:

### *Policy for corporate Governance*

The Board of Directors causes to have policy for corporate governance in writing. It shall regularly provide for revision and implementation of such policy at least once a year.

### *Practices about Not Piracy*

The company operates by not infringing intellectual property or copyrights of other people by specifying below guidelines

- Works from operation belong to intellectual property of the company
- Employees shall use only computer software authorized by the company to prevent

intellectual property violation

- Works or data that belong to outsider to be used in the company shall be inspected to ensure that it is not to violate intellectual property of other people
- Employees shall not bring or take part in or perceive matters contrary to law that are deemed intellectual property infringement as stipulated in Copyright Act B.E. 2537 or other relevant laws to be used in business of the company

#### *Business ethic*

The Company arranges for codes of conduct relating business ethics for the Board of Directors, audit committee and practitioners in each unit. The principal issues relate to keeping Company's secret, acting in good faith and in accordance with the law, respecting of each other's rights and looking after of resources both within the Company and outer environment. The emphasis on business ethics will contribute to working in good faith. It will also help the internal supervision more efficiently, causing credibility to the capital market and building confidence to the investors.

#### *Policy relating to conflict of interests*

The Company sets a policy relating to conflict of interests on the basis that every member of staff shall perform their duty for the maximum benefit of the Company only. Any act or decision shall be without influence of personal desire whether coming from family or relatives or other persons known personally. The policy is set to cover 2 issues:

- Related transactions: the Company will carefully consider the suitability of every related transaction before taking action, including price determination and conditions of the related transaction, as if it was dealing on the arm's length basis. The audit committee will consider the necessity and reasonableness of the transaction. When the Company or affiliated companies concluded related transaction and if such is the transaction stipulated in "Notification of the Security and Exchange Commission of Thailand Re: Disclosure of Information and Other Acts Listed Companies Concerning the Connected transactions 2003", the Company shall comply with the criteria, conditions and methods of that Notification, including disclosure of the transaction in the annual report and the annual data form for the transaction (form 56-1). This will cause the transparency in concluding the related transaction and eliminate problems arising out of conflict of interests and other situations that result in conflict of interests.
- Other Situations Resulting in Conflict of Interests
  1. In general investment, the Company does not permit its personnel being shareholders or deriving benefit from competitor companies or traders having business with the Company to engage in decision making in matters relating to business relation with such businesses except where the Board of Directors has approved;

2. In receiving gifts, personnel at every level should not receive gifts, travel tickets, sport tickets, recreation proposals, accommodations or other personal proposals if such will lead to commitments to the Company or cause the Company to lose its benefit;
3. In doing academic work, public services, being speakers or taking any position, personnel at every level of the Company can get approval from the director of their chain of work to work at academic institutions, to perform public services, to be speakers, or to take any position, such as company's directors, consultants, that will help expanding vision and gaining experience of the personnel. However, the personnel shall not engage the Company or use their position at the Company with those activities except where permitted to do so.

#### *Internal Audit*

The Company has internal audit system ensuring confidence to the investors that the Company will conduct its business efficiently and building reliability to the financial statement. The Company has internal audit unit which will evaluate risks and review internal audit annually. Mrs. Wimol Saephung, an internal auditor of the Company, is a secretary to the audit committee who will, at least every 3 months, present the result of the internal audit to the committee for its consideration.

Company's Committee gives precedence to risk management procedures of both internal and external risk that may affect the company by assigning audit committee to verify effectiveness and sufficiency of risk management procedures and internal control system by referring data from operation assessment of internal audit department.

#### **(4) Meeting of the Board of Directors**

The Board of Directors of the company meets at least once in every 3 months and may have additional meetings where necessary. The board shall be furnished with the report of work every month so that it can supervise, control and look after the conduct of management continuously and promptly. Written invitation for the meeting will be sent to the directors for their consideration prior to the meeting at least 7 days except where it is necessary or urgent to protect Company's rights or benefit. The directors may request additional necessary detailed information from the secretary of the Company.

#### **(5) Remunerations**

The Company has a policy to set remunerations for the directors and auditing directors at the level that will be an incentive to maintain qualified directors as required. Remunerations will be at the level that is comparable with that of the same group of industry and relative to the result of the operation of the Company. The shareholders' meeting will approve remunerations of the directors.

Remunerations of the Managing Director and senior executives are set to fit with the terms of reference in accordance with criteria and policy set by the Board of Directors for the maximum benefit of the

Company. Level of the remunerations, being salary, bonus and long-term incentive will be relative to the result of the Company and the performance of executives individually.

#### (6) Professional Development knowledge of Directors of the Company

The Board of Directors supports and facilitates training and education of those who are in Company's supervision system, such as directors of the Company, auditing directors and executives, for continuous professional development. Such training and education may be conducted within the Company or by other institutions.

At every time when a new director takes his post, the secretary of the Company shall arrange for documentation with useful data for the performance of the new director, and introduce the nature of the business and the trend of operation to the new director.

#### Training / Seminar of the Company's Directors in 2016

No.	Activity / Program	Date	Organizer	Name of Attendee
1	Fundamental of Auditor Report	JAN 12, 2016	SEC	1. Mr.Somchai Jongsirilerd
2	The UK Experience On Implementing The Enhanced Auditor	JAN 15, 2016	SEC	1. Mr.Sannpat Rattakham
3	Executives' Opinions on Internal Control System of listed Companies Conference	FEB 23, 2016	SEC	1. Mr.Sannpat Rattakham 2. Mr.Somchai Jongsirilerd
4	Amendment of List significant and Related-Party Transaction Regulation of Listed Companies	FEB 02, 2016	SEC	1. Mr.Sannpat Rattakham
5	CG Forum 2/2016 "Honesty and Caution, Protections of Directors."	MAY 17, 2016	SET	1. Mr.Natee Boonparm 2. Mr.Somchai Jongsirilerd 3. Ms.Rashaneewan Rawirach 4. Mr.Tinakorn Seedasomboon
6	Insider Trading Management for Professional Executives	JUN 27, 2016	SET	1. Mr.Sannpat Rattakham
7	CG Forum 3/2016 "Dishonesty in Organization, Controllable and Preventable threat"	AUG 24, 2016	SET	1. Mr.Sannpat Rattakham
8	Ethical Leadership Program (ELP)	SEP 14, 2016	IOD	1. Mr.Natee Boonparm 2. Mr.Somyos Chiamchirungkorn 3. Mr.Sannpat Rattakham 4. Mr.Sumet Techachainiran 5. Mr.Domdej Sripinproach

## Chapter 6 Anti-Corruption Policy

The company operates business by using competitive strategy fairly, transparently and holding good quality of service and always works corresponding to relevant law strictly under business value of “Reliability, Safety, Agile, Customer Focus and Quality”. So, the company realizes importance and determination of every form of anti-corruption and the company’s committee stipulates anti-corruption policy to declare intention of the company to insist a position against corruption and have a target for every employee in the organization along with the relevant parties to understand anti-corruption principles under the same policy. Pleasantly, the Company has been certified by Thailand’s Private Sector Collective Action against Corruption (CAC) on 22 July 2016.

Anti-corruption policy is specified that committees, executives and employees of the company, subsidiary and joint venture along with other enterprises that have power of regulation including people relevant to business’s operation to strictly practice, nevertheless, this policy is made in written to inform everybody and publicized on the Company’s website at [www.qualitechplc.com](http://www.qualitechplc.com) , Investor Relation > Anti-Corruption Policy

### Supervision of Using of Internal Data

The Company has a policy and method to scrutinise the directors and executives who use the data which is not yet disclosed to the public for their own benefit in buying or selling securities as follows:

1. Educating the directors, including the executives on their duty to report of the holding of securities by themselves, their spouse and children under legal age, in accordance with Section 59 and the punishment provision, Section 275 of the Security and Exchange Act 2016 (issue5);
2. The Company requires the manager, next four management level personal after manager and equivalent personnel, as well as accounting and finance department manager or above Section 275 of the Security and Exchange Act 2008 (issue4) so that the Company will be able to scrutinise the buying and selling of all the executives;
3. The Company shall circulate a written notification to the executives informing that executives who are informed of important internal data which will influence on the change of securities' value shall cease the buying and selling of the securities of the Company within 1 month prior to the disclosure of budget or such data to the public. Further, they shall not disclose such important data to other people. Where it is found that personnel at the level of the Executive Committee use internal data in such a way that will cause damage to the Company or its shareholders, the Board of Directors will consider measures for punishment, as it deems appropriate. Where the person who commits such act is a less senior executive, the Executive Committee will consider measures for punishment of such person.



## Corporate Social Responsibility

### Corporate Social Responsibilities : CSR

Qualitech Public Company Limited determines to undertake its business in good governance, intends morally run business accompany with focus on internal and external corporate social responsibilities. This is one of our strategies to endure continuity business development which covers controlling and developing personnel, runs business equitably for every parties, thinks over on safety and quality of services, takes action to develop community, effectively utilize natural resources and also aware of environmental conservation.

Our company realizes that we undertake the business in engineering and safety inspection services by providing Non-Destructive Testing, Inspection and certification service which is comply with international standard and law. It is our priority responsibility to strictly follow safety standard system in Thailand and oversea as our company value "Reliability, Safety, Agile, Customer Focus and Quality."

The Office of The Securities and Exchange Commission report principle. Beside, our company attempts to complete and revise Corporate Social Responsibilities contents yearly.

#### (1) Run business equitably and against corruption

Company has defined to deal impartially with clients, trading partners and interested person. To be fair to every party, we run business equitably and also against corruption. We've created company's Code of Conducts which has been approved by Boards of directors as summary below;

- Company persists in rule of law in running business. Board of directors, executives and employees shall understand company's regulations and relevant laws including in coming effective law which effects to administrator management and working principle. Boards of directors, executives and employees shall work strictly under company's regulations and relevant law; beside avoid the action which may cause bad company's reputation.
- Boards of directors, executives and employees may not seek for competitors' trade secret or specific details by infringing data piracy or breaking an agreement not to reveal clients' details or others.
- Company details are open for all concerned parties under the law, company's regulations and also confidential clients' details including provides sufficient details and actual supporting documents accordance with to The Office of The Securities and Exchange Commission for all shareholders to estimate our company equivalently.
- In case of Boards of directors, executives or employees do something involve with company. Company will act as this action is between company and third party that the person has no authority for approval.

- Boards of directors, executives or employees do not accept bribes in term of money, benefits or objects from business partners if it is perceived that receivers have minded or special relationship with givers which may cause harm to company or interested person.
- Boards of directors, executives or employees shall honestly work without prejudice and do not use their authority and function seeking to own benefits or others.
- Boards of directors, executives or employees shall fully support to gain patent, copyright and protect company's trademark which is intellectual property and also not to piracy competitors' intellectual property.
- Boards of directors, executives or employees shall maintain impartiality and not discriminate term of employment such as recruitment, reward and benefit consideration, job promotion, job transfer, work performance evaluation, job training, following regulation, employee termination, recruitment and participate community events.

## (2) Respect human rights and Labor practices

Company emphasizes to treat employees impartially. Executives pay attention to all levels of employees. No matter where they graduated from, they would receive equivalent opportunity which depends on fairness of reward system. Beside, company is willing to support personnel development in career path, encourages employees to express their opinions by providing opinion box and also provide benefits, annual recreation events to support employees' better quality of life.

### Employment

Working day and time of employees is divided into 2 items as below;

1. Working hour in the office Monday to Saturday 08.00hr – 17.00hr
2. Working hour on site depends on clients' agreement which accordance with Labor law 1998 and related laws.

According to conducting inspection services at Site area where clients appointed, it is difficult to specific certain working date and time. Therefore, the operator shall work under clients' agreement. Due to flexible working date and time, company has provided suitably work reward for the operators.

For recruiting new employees, company considers from education, qualification, experiences and performance. Candidates shall pass writing examination, math examination, English test, computer skills test and also face to face interview. Candidates who pass the examination shall work as trainees, probation period is 119 working days to consider that candidates have potential and suitable qualifications for working in this position or not.

#### **Reward and benefit management**

Company has obvious reward and benefit regulations for employee by specified in Standing Instruction which is constantly revised. Company has payment policy for employees in term of monthly salary, work reward, direct position, overtime, specific certificate etc. such as

The company has established the Employees' Welfare Committee in accordance with the regulation of Ministry of Labour, which comprises of both employer and employee representatives, to take responsibility regarding to employees' welfare.

- Provident fund
- Life/health/accident insurance
- Social security
- Employee loan fund
- Employee subvention for marriage/childbirth/relatives deceased
- Scholarship for employees' children
- Uniform
- Transportation
- Diligence
- Annual medical examination
- Medical examination before work
- Personal protective equipment
- Get well basket

Company also set up welfare committee which consists of representative of employer and employee to discuss this matter.

### Personnel development

Company determines to develop personnel because they are the significant part who drives the business to achieve goal and motivate organization to sustainable business development. As a result, company has focused on personnel development from the beginning till retiring as below details;

- Arrange various orientations in basis company information, company's scope of works, working regulations, safety induction, anti-corruption, business morality and company's value.
- Organize technical training such as Technical training for the best practice in operation such as Basic Welding for Welding Inspector, Radiation Test, Ultrasonic Test, Magnetic Particle Test, Penetrant Test, Working in Confined Space and Basic Radiation Safety Prevention, Visual Test, Working at height safety etc. to develop operators' specific technique skills to perform job properly and skillfully.
- Arrange supporting course for management's skill such as Time Management, Professional Mentor and Conducting Business Plan etc.
- General Training for daily life such as Basic First Aid and Rescue, Basic Fire Fighting and Basic English for Technician.
- Encourage employees to plan their career path in 2016, established Development Plan and Succession Plan to be the guideline for year 2017.
- Annually schedule for training plan with proper budgeting in advance for effective training. In 2016, the company organized internal training and delivered personnel to train with outside training institutions for 52 curriculums covering all employees in every department.
- Follow up employees after training to ensure that they fully understand contents from training course. Issue certificates and appoint for the re-certificate period.



### **Occupational Health, Safety and Environment of Work**

The company realizes importance of safety in life, occupational health of employees along with the relevant; therefore, the company stipulates universal standard occupational and safety management as guideline to build up good environment for work

The company strictly follows the regulation by having Committee of Safety, Occupational Health and Work Environment along with professional safety staffs to operate, control, monitor situations of safety, occupational health and work environment of the company to be corresponding to policy and work plan including promoting employees to realize precedence of building up safety and complying with policy of safety, occupational health and work environment in 2016 as follows

- Making a preventive plan and risk reduction plan to face danger from operation or hazards in many areas in the company along with improving environment to be safe and checking equipment and tools
- Promulgating knowledge, law and regulations of safety, occupational health and other relevant laws such as labor law, transportation law, regulations of Ministry of Industry etc. including informing amended law through electronic mail and billboard of the company so that employees can search for information as benefit to them to promote self-safety
- Apart from basic knowledge of safety, occupational health management system and safety of every employee. The company also educates the employees to prevent accidents regularly with training, publication on board and electronic mail that supports not only safety in work but also safety in routine life such as driving safely and work tools usage etc.
- Setting up safety committee of the company by arranging a meeting to create safety policy with monthly follow-up
- Initiating Occupational Health and Safety Assessment Serves (OHSAS 18001) The Company expects to be certified in 2017

### **Human rights and employees parity**

To respect and appreciate in human right is the foundation of personnel development. Human resources are the main key to improve production and value added to endure business development. Company consistently aware of human rights by treating them equally, no matter what races, nationalities, gender, religions, poverty, disables person, sick person including respect and accept differences in thinking, society, environment, law and culture.

### (3) Services responsibilities

Company engages in the provision of Non-destructive testing, and Inspection/Certification services in accordance with international standards and regulations, aim to satisfy and assure that clients get the quality services by following up satisfaction survey and continuous on services improvement

### (4) Environment conservation

Company fully supports environment conservation during working process such as adjust working procedure to use natural resources effectively, replaced the air-conditioners and lighting to be the energy saving type and provide garbage bins to separate recycle and hazardous waste.

### (5) Social Community and Environment Responsibility

Company realizes the important of corporate social responsibilities and pays attention on any effects to the community by supporting and regularly participate in community events. Our employees are encouraged to be the part of these activities.

In 2016, the company participated and supported social activities as follows;

- Organizing Blood Donation Project at Queen Sirikit Hospital and Rayong Hospital.
- Organizing “Qualitech Sharing for Thais” to renovate Ban Kao Wai School Rayong.
- Donating computer and electronic compliance to Association of Persons with Physical Disability International.
- Providing internship opportunities to students.
- Providing technically experienced lecturers for Technical College faculty at The North East.
- Making and off-season offering of robes and other needs to monk in remembrance of His Majesty the late king Bhumibol of Thailand at Tham Neramit Bureau of Monks in Rayong.
- Donating calendars for Braille wording card making to The Bangkok School for The blind by collected and sent to Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen.
- Supporting waste disposal bank by promoting waste segregation
- Destroying chemicals for environment
- The company organized campaign for employees to take care of environment save energy and use resources worthily.

- Promoting environmental preservation and energy saving program
- Supporting scholarship for employees' children
- Supporting activities on Children's Day to Nong Chak school, Chonburi.
- Participating Dredge up Canals with Banplong Community, Maptaphut, Rayong for beautify landscape on Environment Day
- Participating Songkran Festival conserving activities with Banplong Community, Maptaphut, Rayong.
- Donating subvention for disabled artists who draw with month or foot by bringing their works to produce as blessing card, table calendar and bookmark.
- Donating subvention for AIDS patients and orphans at Wat Phrabatnampu.



#### (6) Continuous development for sustainable organization

Keeping good governance principle and regularly corporate social responsibilities are the most important cores in organization value and culture and more important than time to time participate the communities' events. Company intends to develop sustainably business to assure that interested person gain mutual benefits both in short term and also long term. Our clients and business partners grow together and also support sustainably community and society. Company still intends to support new innovation to carry on research and development. Beside, company supports employees to express their creativity ideas in term of value for economy, society and environment by continuously arranging various training courses in any involved fields regularly and exchanging information, ideas and opinion in "Executives Meet Employees Event"

# Internal Control

## 1 Sufficiency of Internal Control System

At the meeting of the Board of Directors of public company limited no. 1/2017 on 14 January 2017, the board has evaluated the internal audit system by inquiring data from the management relating to the sufficiency of the internal audit system of the Company in 5 sectors, namely, organisation and environment, risk management, control of performance by the management, information and communication system and follow up system. After having evaluated, the board found that the Company has system for internal audit of majority shareholders, directors, executives or other people related to such persons sufficiently in place. The Company's internal audit system also covers all 5 sectors appropriately and sufficiently to prevent the executives from using of property inappropriately or without power. In addition, the Company's internal audit system is independent in pursuing and evaluating the result of internal audit. Moreover, the Company has a filing system of important documents that allows the directors, auditors and those authorized by law to inspect within reasonable time.

DIA, an audit firm of the Company, has examined the internal system in the year 2016 and found no important issue.

## 2 Policy on Procedures of Internal Audit

The Company sets up internal audit unit which is accountable directly to the audit committee quarterly in order to evaluate the potential, suitability and sufficiency of the current internal audit system, compliance with policy and relevant rules of practice as well as suitability and credibility of financial report of the Company. Internal auditors have examined procedures of work of the Company and provided remarks and advices to increase the potential of procedures of work. The executives have placed importance on and undertaken to completely improve according to the advices of the auditors within 2 months after the advices were given.



## Related Transaction

Details of possible conflicts about the connected transactions between the company and its subsidiaries with connected parties that occurred in 2016 appear below:

(1) Cross-Transaction of Qualitech Public Company limited

Person/Juristic person	Relationship	Nature,condition and value	Necessity and Reasonability	Audit Committee's Opinion
Mr. Sumet Techachainirun	The Company's director and shareholder	Mr. Sumet was a guarantor on purpose of car leasing for the company 2016 : 1.03 Million Baht 2015 : 1.84 Million Baht	Mr. Sumet personally guaranteed for the company without receiving any compensation or returns	Audit Committee has considered that such transaction was proper and necessary since the guarantor has not received any compensation
QLT International Company Limited	The Company held 99.99% share capital, director and management have common shareholding	<u>Incomes</u> Wages, rental, management fee and uniform 2016 : 0.62 Million Baht 2015 : 0.87 Million Baht  <u>Expenses</u> Wage, Consumable 2016: 26.78 Million Baht 2015: 23.29 Million Baht	Wage was employment list and its value was equivalent to employment of other companies  Building and furniture rental was equivalent to market price  Management fee was usual operation expense that is beneficial to the operation of the company  Consumable purchasing price was equivalent to market price	Audit Committee has considered that such transaction was cross-transaction between the parent and subsidiary company which the company holds 99.99 percent of shares, normal reasonable trading, and beneficial to the company

Person/Juristic person	Relationship	Nature,condition and value	Necessity and Reasonability	Audit Committee's Opinion
Qualitech Myanmar Company Limited	The Company held 50.99% share capital, director and management have common shareholding	<p>Income</p> <p>Wage, management service fee, Equipment rental fee</p> <p>2016 : 0.21 Million Baht</p> <p>2015 : 1.22 Million Baht</p> <p><u>Expenditure</u></p> <p>Wages</p> <p>2016 : 0.00 Million Baht</p> <p>2015 : 0.23 Million Baht</p>	<p>Wage was employment list and its value was equivalent to employment of other companies</p> <p>Management fee was usual operation expense that is beneficial to the operation of the company</p> <p>Wage was employment list and its value was equivalent to employment of other companies</p>	<p>Audit company has examined and considered that such transaction was normal trades</p>
		<p><u>Interest income</u></p> <p>2016 : 0.00 Million Baht</p> <p>2015 : 0.06 Million Baht</p>	<p>Interest income is Financial contribution to subsidiary was for working capital in business usage, which the interest rate was calculated according to Minimum Loan Rate (MLR) of Krungthai Bank Public Company Limited</p>	<p>Audit committee had opinion that such transaction was normal to subsidiary and it reasonably did not affect benefit of the company</p>

## (2) Cross-Transaction of Qualitech Myanmar Company Limited

Person/Juristic person	Relationship	Nature, condition and value	Necessity and Reasonability	Audit Committee's Opinion
Parami Energy Service Co., Ltd.	Director and shareholder of Parami holds 49.01 percent of shares in QLTM	<u>Income</u> Products 2016: 0.00 Million Baht 2015 : 1.52 Million Baht	Products were sold at the market price, equivalent to other customers	Audit Committee has considered that such transaction was proper and necessary since the guarantor has not received any compensation
		<u>Expenses</u> Wage, management service fee, management service fee. 2016 : 0.00 Million Baht 2015 : 0.36 Million Baht	Employment fee was equivalent to other business  Workplace rental was necessary for the operation, and for tools and equipment storage used in Myanmar  Management fee was a normal transaction and benefited the Company's operation	
		<u>Loan</u> 2016 : 0.00 Million Baht 2015 : 0.56 Million Baht  <u>Interest expenses</u> 2016 : 0.016 Million Baht 2015 : 0.06 Million Baht	Financial support requisition from Parami as working capital in business usage, which the interest rate was calculated according to Minimum Loan Rate (MLR) of Krungthai Bank Public Company Limited	Audit committee had opinion that such transaction was normal to subsidiary and it reasonably did not affect benefit of the company

## (3) Cross-Transaction of QLT International Company Limited

Person/Juristic person	Relationship	Nature,condition and value	Necessity and Reasonability	Audit Committee's Opinion
Ms.Yanakorn Rattakham	A daughter of Mr. Sannpat Rattakham, director and a shareholder if the Company which holds 99.99 percent of shares in QLTI	<u>Expenses</u> Office rental fee 2016 : 0.044 Million Baht 2015 : 0.00 Million Baht	Office rental was for operation and the rate was evaluated by a financial advisor who is certified by SEC. The rental term is 2 years, from 1 November 2016 to 31 October 2018.	Audit Committee has considered that such transaction was proper and necessary since the guarantor has not received any compensation

**2.1 Measures or Procedures for Approval of Related Transactions**

In dealing with persons who may be in a position that conflict of interests may occur, the transaction of these persons shall be disclosed to the board of committee for its consideration and approval to bring about the maximum benefit of the company and to protect investors and related persons with the Company. Such transactions shall comply with security and exchange laws, regulations, notification, order or rules of the Stock Exchange of Thailand. The persons who may be in a position of conflict of interests or may have interests from the transactions shall not have the right to participate in procedures for approval of such transactions.

As to transactions that are normal business, such as buying and selling goods, the Company has a policy that requires the conditions of such transactions to be in accordance with normal business and the price to be market price comparable with the price of third party. The audit committee shall consider and provide opinions on such transactions quarterly. The consideration of reasonableness of the transactions will take into account of the market price, conditions and necessity that may affect the business, such as delivery time and specific quality of goods, for the maximum benefit of the Company.

**12.2 Future Trend of Related Transactions**

In concluding related transactions in the future, relevant conditions of the transactions shall be in accordance with normal business by referring to suitable market price and conditions. The audit committee and/or independent directors shall give opinions relating to rate of returns as well as necessity and suitability of such transactions. If a transaction is concluded by a person who may in the future be in a position of conflict of interests, the Company shall comply with the rules, notifications and/or regulations of the Security and Exchange Commission and/or the Stock Exchange of Thailand. The Company may employ independent experts or company auditors to provide opinions relating to such transactions which will be used in decision making process of the Board of Directors or the shareholders as the case may be. In this regard, group of companies will disclose the transactions among each other in the remark of the budget report examined by the Company's auditors.

## Financial Status and Result of the Operation

Tables of Qualitech Public Company Limited's Financial Statements

### STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 to 2016

Unit: Thousand Baht

Result of the Operation	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
<b>Total income</b>	449,070.14	100.00	517,434.01	100.00	505,419.79	100.00
Service income	445,775.30	99.27	510,023.86	98.57	500,892.64	99.10
Cost of services	323,807.47	72.11	333,763.52	64.50	336,954.61	66.67
<b>Gross Profit</b>	121,967.83	27.36*	176,260.34	34.56*	163,938.03	32.73*
Other income	3,294.84	0.73	7,410.15	1.43	4,527.15	0.90
Profit before expenses	125,262.67	27.89	183,670.49	35.50	168,465.18	33.33
Administrative expenses	43,383.86	9.66	42,061.61	8.13	31,905.15	6.31
Directors' remuneration	2,648.30	0.59	2,675.00	0.52	2,613.00	0.52
Management benefit expenses	28,602.03	6.37	28,470.76	5.50	25,032.83	4.95
Total expenses	74,634.19	16.62	73,207.37	14.15	59,550.98	11.78
<b>Profit before finance costs and income tax</b>	50,628.48	11.27	110,463.12	21.35	108,914.20	21.55
Finance costs	662.69	0.15	1,013.82	0.20	394.00	0.08
<b>Profit before income tax</b>	49,965.79	11.13	109,449.30	21.15	108,520.20	21.47
Income tax	4,924.33	1.10	6,976.64	1.35	3,463.36	0.69
<b>Profit for the year from continuing operations</b>	45,041.46	10.03	102,472.66	19.80	105,056.84	20.79
Loss for the year from discontinued operations	916.76	0.20	0.00	0.00	0.00	0.00
<b>Profit for the year</b>	45,041.46	10.03	102,472.66	19.80	105,056.84	20.79
Other comprehensive income (expense)	916.76	0.20	568.66	0.11	0.00	0.00
<b>Total comprehensive income for the year</b>	44,124.70	9.83	101,904.00	19.69	105,056.84	20.79
Basic earnings per share (Baht)	0.46		1.05		1.08	
Diluted earnings per share (Baht)	0.46		1.05		1.08	
Book value per share (Baht)	4.50		4.54		4.24	
Par value (Baht)	1.00		1.00		1.00	

\* Gross profit margins showed above were computed by dividing gross profit with service income.

STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014 to 2016

Unit : Thousand Baht

Financial Status	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	42,989.81	8.53	27,623.95	5.15	28,027.96	5.56
Current investment	47,241.57	9.37	112,918.74	21.05	87,815.67	17.42
Trade and other receivables	98,465.43	19.54	105,712.91	19.70	118,019.54	23.42
Unbilled services income	61,744.05	12.25	67,978.46	12.67	78,072.15	15.49
Inventories	6,290.96	1.25	12,107.15	2.26	9,210.31	1.83
<b>Total current assets</b>	<b>256,731.82</b>	<b>50.95</b>	<b>326,341.21</b>	<b>60.82</b>	<b>321,145.63</b>	<b>63.72</b>
<b>Non-current assets</b>						
Pledged bank deposit	30,313.82	6.02	30,669.92	5.72	19,203.65	3.81
Property, plant and equipment	208,048.32	41.29	167,257.10	31.17	156,131.16	30.98
Intangible assets	2,163.64	0.43	2,463.05	0.46	-	-
Income tax deducted at source	6,150.65	1.22	9,381.74	1.75	6,614.37	1.31
Others non-current assets	523.65	0.10	421.11	0.08	882.26	0.18
<b>Total non-current assets</b>	<b>247,200.08</b>	<b>49.05</b>	<b>210,192.92</b>	<b>39.18</b>	<b>182,831.44</b>	<b>36.28</b>
<b>Total assets</b>	<b>503,931.90</b>	<b>100.00</b>	<b>536,534.13</b>	<b>100.00</b>	<b>503,977.07</b>	<b>100.00</b>

## STATEMENTS OF FINANCIAL POSITION (Cont.)

AS AT DECEMBER 31, 2014 to 2016

Unit : Thousand Baht

Financial Status	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payable	41,406.61	8.22	60,294.71	11.24	64,023.77	12.70
Current portion of long - term liabilities	3,111.85	0.62	4,328.42	0.81	3,731.71	0.74
Short - term loans	0.00	0.00	566.47	0.11	500.00	0.10
Accrued income tax	984.84	0.20	2,365.62	0.44	697.20	0.14
<b>Total current liabilities</b>	<b>45,503.30</b>	<b>9.03</b>	<b>67,555.22</b>	<b>12.59</b>	<b>68,952.68</b>	<b>13.68</b>
<b>Non-current liabilities</b>						
Financial lease liabilities	3,623.09	0.72	5,333.82	0.99	4,258.38	0.84
Employee benefits obligation	10,833.24	2.15	15,366.59	2.86	12,793.31	2.54
<b>Total non-current liabilities</b>	<b>14,456.33</b>	<b>2.87</b>	<b>20,700.41</b>	<b>3.86</b>	<b>17,051.69</b>	<b>3.38</b>
<b>Total liabilities</b>	<b>59,959.63</b>	<b>11.90</b>	<b>88,255.63</b>	<b>16.45</b>	<b>86,004.37</b>	<b>17.07</b>
<b>Shareholders' equity</b>						
Authorized share capital	98,568.49	19.56	99,000.00	18.45	99,000.00	19.64
Issued and paid-up share capital	98,468.49	19.56	98,568.48	18.37	98,127.39	19.47
Premium on share capital	75,175.54	14.92	75,175.54	14.01	73,093.57	14.50
Equity-settled share-based payment reserve	4,065.19	0.81	4,065.19	0.76	4,296.13	0.85
Appropriated-legal reserve	10,000.00	1.98	10,000.00	1.86	10,000.00	1.98
Unappropriated	256,158.70	50.83	259,926.49	48.45	230,639.45	45.76
<b>Total owners of the Company</b>	<b>443,967.92</b>	<b>88.10</b>	<b>447,735.70</b>	<b>83.45</b>	<b>416,156.54</b>	<b>82.57</b>
Non-controlling interests	4.35	0.00	542.80	0.10	1,816.16	0.36
<b>Total shareholders' equity</b>	<b>443,972.27</b>	<b>88.10</b>	<b>448,278.50</b>	<b>83.55</b>	<b>417,972.70</b>	<b>82.93</b>
<b>Total liabilities and shareholders' equity</b>	<b>503,931.90</b>	<b>100.00</b>	<b>536,534.13</b>	<b>100.00</b>	<b>503,977.07</b>	<b>100.00</b>

**STATEMENT OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2014 to 2016

List	Unit : Baht		
	2016	2015	2014
<b>Cash flows from operating activities</b>			
Profit before income tax	49,965,794.79	109,449,300.34	108,520,204.89
Loss from discontinued operations	(916,755.12)		
Adjustments			
Unrealized gain on changes in investment valuation	(184,345.45)	(660,032.39)	(384,218.44)
Unrealized gain on exchange rate	(4,367.08)	(180,260.67)	-
Doubtful accounts	2,877,723.99	1,444,244.75	369,313.50
Decrease in Unbilled services income	6,234,406.26	10,093,697.80	13,747,406.09
Depreciation	30,882,558.42	29,738,091.25	27,230,993.70
(Gain) Loss on disposal of fixed assets	130,658.67	(3,799,059.27)	19,359.22
Reverse of loss on impairment of assets	(10,067.35)	(2,267.58)	(10,323.32)
Amortized intangible assets	299,411.47	531,070.66	-
Write off income tax deducted at source	322,671.53	978.61	-
Employee benefits	1,182,105.75	1,261,938.02	4,422,499.02
Interest expenses	662,690.06	1,013,821.54	393,999.54
	91,442,485.94	148,891,523.06	154,309,234.20
(Increase) Decrease in portion of operating assets			
Trade and other receivables	3,317,295.59	11,188,036.94	(52,340,683.14)
Inventories	5,816,190.64	(2,896,846.51)	(161,828.78)
Intangible assets	-	(535,100.00)	-
Other non-current assets	(92,473.11)	163,919.58	62,591.32
Increase (Decrease) in portion of operating liabilities			
Trade and other payables	(21,940,319.14)	(3,992,820.41)	15,869,874.82
Employee benefits obligation	(5,122,000.00)	-	-
Cash generated (paid) from operation	73,821,179.92	152,818,712.66	117,739,188.42
Interest paid	(312,496.81)	(502,088.54)	(393,999.54)
Income tax received (paid)	(3,396,687.51)	(8,076,559.25)	(5,338,018.49)
<b>Net cash provided by (used in) operating activities</b>	<b>70,111,995.60</b>	<b>144,240,064.87</b>	<b>112,007,170.39</b>



STATEMENTS OF CASH FLOWS (Cont.)

FOR THE YEARS ENDED DECEMBER 31, 2014 to 2016

List	Unit : Baht		
	2016	2015	2014
<b>Cash flows from investing activities</b>			
(Increase) Decrease in current investment	65,861,518.22	(24,443,042.07)	(12,250,483.84)
(Increase) Decrease in pledged bank deposit	356,105.48	(11,466,273.00)	(5,245,574.47)
Proceeds from sales of fixed assets	10,300.00	14,942,823.23	1,235,123.74
Payments for fixed assets acquisition	(67,318,004.31)	(47,846,734.13)	(53,737,484.36)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,090,080.61)</b>	<b>(68,813,225.97)</b>	<b>(69,998,418.93)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term loans	-	-	500,000.00
Decrease in financial lease liabilities	(4,371,809.29)	(4,463,591.80)	(3,954,639.95)
Dividend paid	(49,284,242.50)	(73,890,631.25)	(58,137,291.00)
Ordinary shares	-	2,523,063.40	8,866,600.60
Proceeds for non-controlling interests	-	315.00	150.00
<b>Net cash provided by (used in) financing activities</b>	<b>(53,656,051.79)</b>	<b>(75,830,844.65)</b>	<b>(52,725,180.35)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,365,863.20</b>	<b>(404,005.75)</b>	<b>(10,716,428.89)</b>
Cash and cash equivalents as at January 1	27,623,950.41	28,027,956.16	38,744,385.05
Cash and cash equivalents as at December 31	42,989,813.61	27,623,950.41	28,027,956.16

## Explanation and Analysis of Financial Status and Result of the Operation

### • Operations Results of Qualitech Public Company Limited and Subsidiary •

#### Operation Summary

In 2016, on the Company's consolidated financial Statements of Qualitech Public Company Limited, the total revenue was 449.07 million Baht, decreased by 66.23 million Baht or about 12.85%, as a result of a declining in oil price. It led to a recession of the industries and cost reduction of clients along with high competitive environment in the market. while profit to owners of company is 44.57 million baht decreasing by 59.17 million Baht or 57.04% compared to previous year

#### Income

The Company had total income of 449.07 million Baht decreasing from 2015 for 66.23 million Baht or 12.85% compared to 2015 that had total income of 515.30 million Baht as a result of non-destructive testing.

Income structure	2016		2015		%
	Million	%	Million	%	Change
Non-destructive Testing	175.95	39.18%	285.92	55.49%	-38.46%
Inspection and Certification	269.83	60.09%	221.97	43.08%	21.56%
Others	3.29	0.73%	7.41	1.43%	-55.60%
<b>Total</b>	<b>449.07</b>	<b>100.00%</b>	<b>515.30</b>	<b>100.00%</b>	<b>-12.85%</b>

#### Cost of service

In 2016, the company had cost of service of 323.81 million baht decreased by 8.86 million Baht or 2.66% compared to 2015 due to the correlation of variable cost and overtime cost management.

Cost to Sales Ratio in 2016 was 72.64% of services income and gross profit margin was 27.36% decreasing from 2015 that had gross profit margin of 34.55%

#### Administrative expenses

Administrative expenses in 2016 was 74.63 million baht increased by 4.92 million Baht or 7.06% compared to 2015 as a result of an increase of number of marketing staff and an allowance for doubtful debt which the Company has already filed to lawsuit in court. Increase in SG&A expenses affected the net profit to owners of company and pressured it down to 44.57 million Baht, decreased by 59.17 million Baht or 57.04% compared to 2015

**Profitability Ratios**

Consolidated Financial Statement	2016	2015
Gross Profit Margin	27.36%	34.56%
Profit rate from operation	11.36%	21.66%
Net Profit Margin	10.00%	20.05%
Return on Equity	10.00%	24.02%

In 2016, the Company's gross margin was 27.36 percent, declined from 34.56 percent in previous year due to the reduction on the Company's service revenue and constant fixed cost of employee.

For SG&A, the expenses slightly increased as a result of a greater number of staffs in supportive divisions for upcoming operation expansion. Moreover, the Company booked allowance for doubtful debt. These led the operating profit margin, net profit margin and return on equity dropped to 11.36 percent, 10.00 percent and 10.00 percent respectively.

**Financial Position**

Consolidated Financial Statement	2016		2015		%
	Million		Million		Change
	Baht	%	Baht	%	
Asset	503.93	100.00%	536.53	100.00%	-6.08%
Liability	59.96	11.90%	88.26	16.45%	-32.06%
Shareholders' equity	443.97	88.10%	447.74	83.46%	-0.84%

**Asset**

The company had total asset as of 31 December 2016 for 503.93 Million Baht consisting of current asset for 256.73 million Baht and non-current asset for 247.20 million Baht. Total asset decreases for 32.60 million Baht or 6.08% compared to 2015 with total asset of 536.53 million Baht. The reduction in asset was caused by a change in current investment, trade accounts receivables, accrued revenue and inventory due to lower service revenue.

**Trade Accounts Receivable**

In 2016, the company had trade accounts receivables for 98.47 million Baht decreasing from 2015 by having average collection for 88 days and in 2015 the average collection was 82 days after bills placement. The company had policy about term of payment for at least 30 days and the company would consider term of payment from historical record of clients, purchase order and payment history in the past. For policy of allowance for doubtful account, the company would consider from outstanding debt of debtors with settlement duration

more than 90 days without movement by using allowance for doubtful account from the outstanding amount for 91-180 days, allowance is 10%, accrued for 181-270 days, allowance is 30% and accrued for 271-365 days, allowance is 50% and accrued over 365 days, the allowance would be 100% from outstanding amount. In 2016, the company had decreasing allowance for doubtful account from trade accounts receivable for 1.22 million Baht from 2015 and allowance for doubtful account increased for 15.36 million Baht

#### Property, plant and equipment - Net

Net property, plant and equipment for 2016 were 208.05 million Baht increasing from 2015 for 40.79 million Baht, because of building and machine for mechanical and metallurgical testing laboratory and equipment acquisition to maintain tax privilege granted by the Board of Investment (BOI).

#### Liabilities

As of 31 December 2016, the company had total liabilities of 59.96 million Baht decreasing from the end of year 2015 for 28.30 million Baht or about 32.06%. It was an decrease in current liabilities for 22.05 Million Baht or 32.64% and non-current liabilities for 6.24 Million Baht or 30.16% due to the reduction in the Company's account payable caused less consumables procurement and employee expenses.

#### Shareholders' equity

The owners of the company as of 31 December 2016 for 443.97 million Baht decreasing from the end of 2015 for 3.77 million Baht or 0.84%. The company had decreasing retained earnings from the turnover of the company in 2016.

In 2016, the company had debt to equity ratio of 0.14 times decreasing from 2015 that had debt to equity ratio ratio of 0.20 times due to a greater reduction in liabilities compared to shareholders' equity.

#### Liquidity

Cash Flow	2016	2015
Net Cash provided by operating activities	70.11	144.24
Net Cash used in investing activities	(1.09)	(68.81)
Net Cash used in financing activities	(53.66)	(75.83)
Net increase (decrease) in cash and cash equivalents	15.37	(0.40)
Cash and cash equivalents as at December 31	42.99	27.62

The company had net cash provided by operating activities for 70.11 million Baht with operational profit before asset and liabilities change in amount of 49.97 million Baht. Changes of Asset and liabilities from operation were due to trade account payable and other payable decreased of 21.94 million Baht, inventories decreased of 5.82 million Baht, Employee benefit obligations decreased by 5.12 million Baht, decreasing trade accounts receivable and other receivable for 3.72 million Baht,

Net cash used in investing activities in 2016 was 1.09 million Baht as a result of Si Racha branch office construction as well as acquisitions of machine and equipment for mechanical and metallurgical testing with an amount of 67.32 million Baht which funded by current investment for 65.86 million Baht

Net cash used in financing activities for 53.66 million Baht was caused by payment in financial lease liabilities for 4.37 million Baht and dividend paid of 49.28 million Baht

The company had balanced cash and cash equivalent as of 31 December 2016 for 42.99 million Baht increasing for 15.37 million Baht when compared to as of 31 December 2015

#### Liquidity Ratios

	2016	2015
Current Ratio (time)	5.64	4.83
Account Receivable Turnover (time)	4.17	4.47
Average Collection Period (day)	88	82
Account Payable Turnover (time)	6.37	5.35
Average Payment Period (day)	58	69

The Company had current ratio in 2016 for 5.64 times increasing by 0.81 times from 2015 because of a reduction in current assets caused by lower current investment, and a drop in current liabilities as a consequence of reduced account payables.

The company had average collection period in 2016 for 88 days increasing by 6 days from 2015 due to a significant drop in the Company's revenue and debt default of some clients. Average payment period in 2016 for 58 days decreasing by 11 day from 2015 as some procurements required full amount to be paid in cash on delivery date in an exchange of lower price and prompt service.

## Responsibility Report of the Board to the Financial Report

### To shareholders of Qualitech Public Company Limited

The company's Board of Directors are responsible for consolidated financial statements of Qualitech Public Company Limited and subsidiaries that were made under accepted accounting standards by considering suitable accounting policies that is regularly practiced and using discretion circumspectly. Information disclosure contained in the notes to the financial statements is complete and adequate for shareholders and investors benefits.

The company's auditing committee, which comprises of qualified non-management independent directors in accordance with regulations of The Securities Exchange Commission and Capital Market Supervisory Board, has provided good corporate governance, risk management and internal control system to ensure that accounting report is correct, complete, punctual and sufficient. The audit committee had opinions that internal control and audit system of the company reliable. The consolidated financial statements of Qualitech Public Company Limited and subsidiaries for year end 31 December 2016 showed financial position, profit and loss, as well as cash flow correctly according to financial report standards, which the auditors have audited and given opinions in Auditor Report as included in an annual report of this year.



Mr. Natee Boonporm  
Chairman of the Board of Directors



Mr. Sannpat Rattakham  
Managing Director

## AUDITOR'S REPORT

### To The Shareholders of Qualitech Public Company Limited

#### Opinion

I have audited the accompanying consolidated and separate financial statements of **Qualitech Public Company Limited and subsidiaries (the Group)** and of **Qualitech Public Company Limited (the Company)**, which comprise consolidated and separate statements of financial position as at December 31, 2016, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of **Qualitech Public Company Limited and subsidiaries** and of **Qualitech Public Company Limited** as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

**Recognition of revenues from services and unbilled services income**

As at December 31, 2016, the Company and subsidiaries have material amount of unbilled revenues from services of Baht 61.74 million in the consolidated financial statements. The calculation of unbilled services income is complicated procedure because of various rate of services fee and depending on the nature of service rendering of each contract. There are a lot of internal control document for recoding services rendering in each day which may result to the incomplete collection of such document and/or inaccurate calculation of unbilled revenue from services income. Accordingly, I have addressed as key audit matter.

I have obtained an assurance in respect of the accuracy and completeness of unbilled services income, by included;

- Obtained an understanding of internal control system relating to revenues from services recognition.
- Tested the significant internal control system relating to the accuracy and completeness of revenues from services.
- Checked the details of unbilled services income with document of time record and completed works, the rate of service fee and nature of work as stipulated in engagement contract.
- Tested the calculating amount of details of unbilled services income.

**Control of equipment and tools on site work**

As stated in notes 10 to financial statements, as at December 31, 2016 the Company and subsidiaries have material amount of equipment and tools of Baht 61.62 million (net of accumulated depreciation amount of Baht 118.28 million) in the consolidated financial statements. Such tools and equipment are main assets used for providing services rendering to customers since the Company and subsidiaries have many service sites and have to take such assets to perform the work at the site as stipulated by customers. Such assets, therefore, may easily lost. Accordingly, I have addressed the existing of such assets as key audit matter.

I have obtained an assurance in respect of the existing of tools and equipment, by included;

- Obtained an understanding of internal control system relating to tools and equipment.
- Performed of the physical count stock of tools and equipment as at the end of year as disclosed in details of tools and equipment of each site work.
- Reconciled the details of tools and equipment of each service site as at the end of year and the register of tools and equipment.



**Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

**Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 18, 2017

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	42,989,813.61	27,623,950.41	37,649,151.26	20,734,312.57
Current investment	6	47,241,567.47	112,918,740.24	16,491,828.55	97,355,552.25
Trade and other receivables	7	98,465,425.49	105,712,912.37	96,065,687.30	95,154,294.46
Unbilled services income		61,744,049.97	67,978,456.23	60,568,183.15	65,704,914.41
Inventories		6,290,963.53	12,107,154.17	4,509,651.52	9,610,272.75
<b>Total current assets</b>		<b>256,731,820.07</b>	<b>326,341,213.42</b>	<b>215,284,501.78</b>	<b>288,559,346.44</b>
<b>Non-current assets</b>					
Investment in subsidiaries	8	0.00	0.00	10,249,385.00	11,269,085.00
Pledged bank deposits	9	30,313,819.01	30,669,924.49	29,882,319.01	29,075,674.49
Property, plant and equipment	10	208,048,315.21	167,257,100.47	204,366,968.78	164,464,507.17
Intangible assets		2,163,635.37	2,463,046.84	2,163,635.37	2,463,046.84
Income tax deducted at source		6,150,649.97	9,381,743.60	6,150,649.97	9,364,361.95
Others non-current assets	11	523,651.38	421,110.92	523,651.38	421,110.92
<b>Total non-current assets</b>		<b>247,200,070.94</b>	<b>210,192,926.32</b>	<b>253,336,609.51</b>	<b>217,057,786.37</b>
<b>Total assets</b>		<b>503,931,891.01</b>	<b>536,534,139.74</b>	<b>468,621,111.29</b>	<b>505,617,132.81</b>

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
Current liabilities					
Trade and other payables	12	41,406,613.00	60,294,704.62	45,132,435.08	58,779,224.38
Current portion of long-term liabilities	13	3,111,848.51	4,328,424.67	2,778,443.77	3,957,582.33
Short-term loans		0.00	566,465.63	0.00	0.00
Accrued income tax		984,838.94	2,365,622.71	0.00	0.00
<b>Total current liabilities</b>		<b>45,503,300.45</b>	<b>67,555,217.63</b>	<b>47,910,878.85</b>	<b>62,736,806.71</b>
<b>Non-current liabilities</b>					
Financial lease liabilities	13	3,623,090.02	5,333,823.15	3,364,314.83	4,741,682.46
Employee benefit obligations	14	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00
<b>Total non-current liabilities</b>		<b>14,456,328.03</b>	<b>20,700,417.16</b>	<b>14,155,697.83</b>	<b>19,892,324.46</b>
<b>Total liabilities</b>		<b>59,959,628.48</b>	<b>88,255,634.79</b>	<b>62,066,576.68</b>	<b>82,629,131.17</b>
<b>Shareholders' equity</b>					
Share capital					
Authorized share capital					
Authorized share capital	15				
98,568,485 common shares of					
Baht 1 each		98,568,485.00		98,568,485.00	
99,000,000 common shares of					
Baht 1 each			99,000,000.00		99,000,000.00
Issued and paid-up share capital					
98,568,485 common shares of					
Baht 1 each		98,568,485.00	98,568,485.00	98,568,485.00	98,568,485.00
Premium on share capital		75,175,543.40	75,175,543.40	75,175,543.40	75,175,543.40
Equity-settled share-based payment reserve		4,065,188.03	4,065,188.03	4,065,188.03	4,065,188.03
Retained earnings					
Appropriated - legal reserve	16	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Unappropriated	17	256,158,700.10	259,926,496.63	218,745,318.18	235,178,785.21
<b>Total owners of the Company</b>		<b>443,967,916.53</b>	<b>447,735,713.06</b>	<b>406,554,534.61</b>	<b>422,988,001.64</b>
Non-controlling interests		4,346.00	542,791.89	0.00	0.00
<b>Total shareholders' equity</b>		<b>443,972,262.53</b>	<b>448,278,504.95</b>	<b>406,554,534.61</b>	<b>422,988,001.64</b>
<b>Total liabilities and shareholders' equity</b>		<b>503,931,891.01</b>	<b>536,534,139.74</b>	<b>468,621,111.29</b>	<b>505,617,132.81</b>

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Services income		445,775,302.81	508,306,881.95	433,858,315.20	491,540,567.44
Cost of services		(323,807,470.59)	(332,672,059.83)	(331,571,769.54)	(339,931,991.74)
Gross profit		121,967,832.22	175,634,822.12	102,286,545.66	151,608,575.70
Other income		3,294,844.90	6,997,432.50	3,482,471.17	8,687,940.99
Administrative expenses		(74,634,192.27)	(69,709,320.25)	(71,350,902.59)	(64,923,898.29)
Finance costs		(662,690.06)	(894,725.61)	(628,237.16)	(844,361.65)
Profit before income tax		49,965,794.79	112,028,208.76	33,789,877.08	94,528,256.75
Income tax expenses	18	(4,924,325.84)	(6,953,867.17)	(1,812,592.61)	(3,478,071.06)
Profit for the year from continuing operations		45,041,468.95	105,074,341.59	31,977,284.47	91,050,185.69
Loss for the year from discontinued operations	8.2	(916,755.12)	(2,601,676.95)	0.00	0.00
Profit for the year		44,124,713.83	102,472,664.64	31,977,284.47	91,050,185.69
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains (losses) on defined employee benefit obligations	14	943,655.00	(568,663.00)	873,491.00	(605,611.58)
Total comprehensive income for the year		45,068,368.83	101,904,001.64	32,850,775.47	90,444,574.11
Profit (loss) attributable to :					
Owners of the Company					
Profit for the year from continuing operations		45,040,255.12	105,072,939.17	31,977,284.47	91,050,185.69
Loss for the year from discontinued operations		(467,453.44)	(1,326,595.08)	0.00	0.00
Total		44,572,801.68	103,746,344.09	31,977,284.47	91,050,185.69
Non-controlling interests					
Profit for the year from continuing operations		1,213.83	1,402.42	0.00	0.00
Loss for the year from discontinued operations		(449,301.68)	(1,275,081.87)	0.00	0.00
Total		(448,087.85)	(1,273,679.45)	0.00	0.00
Grand total		44,124,713.83	102,472,664.64	31,977,284.47	91,050,185.69

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2016

Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Total comprehensive income attributable to :				
Owners of the Company				
Profit for the year from continuing operations	45,983,903.10	104,504,276.17	32,850,775.47	90,444,574.11
Loss for the year from discontinued operations	(467,453.44)	(1,326,595.08)	0.00	0.00
Total	45,516,449.66	103,177,681.09	32,850,775.47	90,444,574.11
Non-controlling interests				
Profit for the year from continuing operations	1,220.85	1,402.42	0.00	0.00
Loss for the year from discontinued operations	(449,301.68)	(1,275,081.87)	0.00	0.00
Total	(448,080.83)	(1,273,679.45)	0.00	0.00
Grand total	45,068,368.83	101,904,001.64	32,850,775.47	90,444,574.11
Earnings per share				
Basic earnings per share				
Profit for the year from continuing operations	0.46	1.07	0.32	0.92
Loss for the year from discontinued operations	(0.00)	(0.01)	0.00	0.00
Total	0.45	1.05	0.32	0.92
Weighted average number of common shares	98,568,485	98,455,100	98,568,485	98,455,100

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated financial statements (Baht)

Note	Owners of the Company										Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve	Retained earnings		Total owners of the Company	Non-controlling interests	Total			
				Appropriated	Unappropriated						
Balance as at December 31, 2014	98,127,390.00	73,093,575.00	4,296,130.00	10,000,000.00	230,639,446.79	416,156,541.79	1,816,156.34	417,972,698.13			
Changes in shareholders' equity for the year:											
Common shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	315.00	315.00	315.00
Common shares exercised from warrants	441,095.00	2,081,968.40	0.00	0.00	0.00	2,523,063.40	0.00	2,523,063.40	0.00	0.00	2,523,063.40
Share-based payment	0.00	0.00	(230,941.97)	0.00	0.00	(230,941.97)	0.00	(230,941.97)	0.00	0.00	(230,941.97)
Dividend paid	0.00	0.00	0.00	0.00	(49,253,845.00)	(49,253,845.00)	0.00	(49,253,845.00)	0.00	0.00	(49,253,845.00)
Interim dividend paid	0.00	0.00	0.00	0.00	(24,636,786.25)	(24,636,786.25)	0.00	(24,636,786.25)	0.00	0.00	(24,636,786.25)
Profit (loss) for the year	0.00	0.00	0.00	0.00	103,746,344.09	103,746,344.09	(1,273,679.45)	102,472,664.64	0.00	(1,273,679.45)	102,472,664.64
Total comprehensive income for the year	0.00	0.00	0.00	0.00	(568,663.00)	(568,663.00)	0.00	(568,663.00)	0.00	0.00	(568,663.00)
Balance as at December 31, 2015	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	259,926,496.63	447,735,713.06	542,791.89	448,278,504.95			
Changes in shareholders' equity for the year:											
Dividend paid	0.00	0.00	0.00	0.00	(39,427,394.00)	(39,427,394.00)	0.00	(39,427,394.00)	0.00	0.00	(39,427,394.00)
Interim dividend paid	0.00	0.00	0.00	0.00	(9,856,848.50)	(9,856,848.50)	0.00	(9,856,848.50)	0.00	0.00	(9,856,848.50)
Dissolution of subsidiary	0.00	0.00	0.00	0.00	0.00	0.00	(90,368.75)	(90,368.75)	0.00	0.00	(90,368.75)
Profit (loss) for the year	0.00	0.00	0.00	0.00	44,572,801.68	44,572,801.68	(448,087.85)	44,124,713.83	0.00	(448,087.85)	44,124,713.83
Total comprehensive income for the year	0.00	0.00	0.00	0.00	943,644.29	943,644.29	10.71	943,655.00	10.71	10.71	943,655.00
Balance as at December 31, 2016	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	256,158,700.10	443,967,916.53	4,346.00	443,972,262.53	4,346.00	4,346.00	443,972,262.53



## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Note	Separate financial statements (Baht)							Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve	Appropriated	Unappropriated	Retained earnings		
Balance as at December 31, 2014	98,127,390.00	73,093,575.00	4,296,130.00	10,000,000.00	218,624,842.35		404,141,937.35	
Changes in shareholders' equity for the year:								
Common shares exercised from warrants	441,095.00	2,081,968.40	0.00	0.00	0.00	0.00	2,523,063.40	
Share-based payment	0.00	0.00	(230,941.97)	0.00	0.00	0.00	(230,941.97)	
Dividend paid	0.00	0.00	0.00	0.00	(49,253,845.00)		(49,253,845.00)	
Interim dividend paid	0.00	0.00	0.00	0.00	(24,636,786.25)		(24,636,786.25)	
Profit for the year	0.00	0.00	0.00	0.00	91,050,185.69		91,050,185.69	
Total comprehensive income for the year	0.00	0.00	0.00	0.00	(605,611.58)		(605,611.58)	
Balance as at December 31, 2015	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	235,178,785.21		422,988,001.64	
Changes in shareholders' equity for the year:								
Dividend paid	0.00	0.00	0.00	0.00	(39,427,394.00)		(39,427,394.00)	
Interim dividend paid	0.00	0.00	0.00	0.00	(9,856,848.50)		(9,856,848.50)	
Profit for the year	0.00	0.00	0.00	0.00	31,977,284.47		31,977,284.47	
Total comprehensive income for the year	0.00	0.00	0.00	0.00	873,491.00		873,491.00	
Balance as at December 31, 2016	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	218,745,318.18		406,554,534.61	

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before income tax	49,965,794.79	112,028,208.76	33,789,877.08	94,528,256.75
Loss from discontinued operations	(916,755.12)	(2,578,908.42)	0.00	0.00
Adjustments				
Unrealized gain on changes in investment valuation	(184,345.45)	(660,032.39)	(2,794.52)	(518,872.99)
Unrealized gain on exchange rate	(4,367.08)	(180,260.67)	(4,367.08)	(10,741.26)
Doubtful accounts	2,877,723.99	1,444,244.75	2,877,723.99	0.00
Reversed doubtful accounts	0.00	0.00	0.00	(212,659.77)
Decrease in unbilled service income	6,234,406.26	10,093,697.80	5,136,731.26	10,358,822.80
Loss on sale of investment in subsidiary	0.00	0.00	925,804.76	0.00
Depreciation	30,882,558.42	29,738,091.25	30,323,166.03	29,126,081.54
(Gain) Loss on disposal of fixed assets	130,658.67	(3,799,059.27)	134,819.94	(3,799,059.27)
Reversed loss on impairment of assets	(10,067.35)	(2,267.58)	(10,067.35)	(2,267.58)
Amortized intangible assets	299,411.47	531,070.66	299,411.47	531,070.66
Write off income tax deducted at source	322,671.53	978.61	322,671.53	0.00
Employee benefits	1,182,105.75	1,261,938.02	1,286,930.75	1,048,669.45
Interest expenses	662,690.06	894,725.61	628,237.16	844,361.65
	91,442,485.94	148,772,427.13	75,708,145.02	131,893,661.98
(Increase) Decrease in portion of operating assets				
Trade and other receivables	3,717,295.59	11,188,036.94	(3,690,854.51)	18,344,243.03
Inventories	5,816,190.64	(2,896,846.51)	5,100,621.23	(1,916,672.64)
Intangible assets	0.00	(535,100.00)	0.00	(535,100.00)
Other non-current assets	(92,473.11)	163,919.58	(92,473.11)	463,419.58
Increase (Decrease) in portion of operating liabilities				
Trade and other payables	(21,940,319.14)	(3,992,820.41)	(15,871,489.52)	(8,840,104.23)
Employee benefits obligation	(5,122,000.00)	0.00	(5,122,000.00)	0.00
Cash generated (paid) from operation	73,821,179.92	152,699,616.73	56,031,949.11	139,409,447.72
Interest paid	(312,496.81)	(382,992.61)	(278,935.91)	(336,892.65)
Income tax received (paid)	(3,396,687.51)	(8,076,559.25)	1,078,447.84	(6,249,247.24)
<b>Net cash provided by (used in) operating activities</b>	<b>70,111,995.60</b>	<b>144,240,064.87</b>	<b>56,831,461.04</b>	<b>132,823,307.83</b>

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
(Increase) Decrease in current investment	65,861,518.22	(24,443,042.07)	80,866,518.22	(15,043,042.07)
Decrease in short-term loans	0.00	0.00	0.00	1,000,000.00
Payments for acquire of ordinary share of subsidiary	0.00	0.00	0.00	(5,249,685.00)
(Increase) Decrease in pledged bank deposit	356,105.48	(11,466,273.00)	(806,644.52)	(9,872,023.00)
Proceeds from sales of fixed assets	10,300.00	14,942,823.23	0.00	14,942,823.23
Payments for fixed assets acquisition	(67,318,004.31)	(47,846,734.13)	(66,691,247.36)	(47,305,967.69)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,090,080.61)</b>	<b>(68,813,225.97)</b>	<b>13,368,626.34</b>	<b>(61,527,894.53)</b>
<b>Cash flows from financing activities</b>				
Decrease in financial lease liabilities	(4,371,809.29)	(4,463,591.80)	(4,001,006.19)	(4,125,610.76)
Dividend paid	(49,284,242.50)	(73,890,631.25)	(49,284,242.50)	(73,890,631.25)
Proceeds from exercised of warrants to purchase ordinary shares	0.00	2,523,063.40	0.00	2,523,063.40
Proceeds from non-controlling interests	0.00	315.00	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(53,656,051.79)</b>	<b>(75,830,844.65)</b>	<b>(53,285,248.69)</b>	<b>(75,493,178.61)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,365,863.20</b>	<b>(404,005.75)</b>	<b>16,914,838.69</b>	<b>(4,197,765.31)</b>
<b>Cash and cash equivalents as at January 1</b>	<b>27,623,950.41</b>	<b>28,027,956.16</b>	<b>20,734,312.57</b>	<b>24,932,077.88</b>
<b>Cash and cash equivalents as at December 31</b>	<b>42,989,813.61</b>	<b>27,623,950.41</b>	<b>37,649,151.26</b>	<b>20,734,312.57</b>

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

**1. GENERAL INFORMATION**

- 1.1 The Company was registered as a company limited on February 11, 1991 with registration No. 0105534013647 and on December 12, 2007, the Company has changed its status to public company limited with registration No. 0107550000220 and is listed company in the Market for Alternative Investment (MAI) on June 9, 2009.
- 1.2 Head office is located at 21/3 Banplong Road, Maptaphut, Muang, Rayong and two branches office are located at 1/37 Moo 1, Nongchak, Banbueng, Chonburi and at 50, Soi Pattanakarn 57, Prawet, Bangkok.
- 1.3 The Company engaged in business of provides the technical services testing, inspection and certification for operation safety of industry equipment, pressure vessel, industrial boiler, piping and steel structures which is important for the production process, storage, transport of the products in power generating, petrochemical industry and construction to comply with industrial standard and the government laws.

**2. PREPARATION OF FINANCIAL STATEMENTS BASIS**

- 2.1 The financial statements have been prepared in conformity with Financial Reporting Standards, enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and in accordance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

## 2.2 Accounting standards and financial reporting standards adoption during the period

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee which are effective for the financial statements beginning on or after January 1, 2016 as detailed below:

### Contents

#### Accounting Standards

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements

ContentsAccounting Standards

TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture

Financial Reporting Standards

TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement

ContentsStanding Interpretations Committee

TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs

Financial Reporting Interpretations Committee

TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes

ContentsFinancial Reporting Interpretations Committee

TFRIC 14 (revised 2015)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2015) <i>Employee Benefits</i>
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

During the year, the Company has adopted the revised and new financial reporting standards and accounting guidance issued by the Federation of Accounting Professions. From aforementioned adoption, these financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company.

### 2.3 Financial Reporting Standards issued and revised which will be effective in the future

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the financial statements for the periods beginning on or after January 1, 2017 onwards, as follows:

ContentsAccounting Standards

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows



ContentsAccounting Standards

TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets

## Contents

### Accounting Standards

TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

### Financial Reporting Standards

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

### Accounting Standard Interpretations

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes-Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease

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Accounting Standard Interpretations

TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

Financial Reporting Standard Interpretations

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016)

*Financial Reporting in Hyperinflationary Economies*

TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, TAS 19 (Revised 2016) <i>Employee Benefits</i>
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers

Contents

Financial Reporting Standard Interpretations

TFRIC 20 (Revised 2016)      Stripping Costs in the Production Phase of a Surface Mine

TFRIC 21 (Revised 2016)      Levies

The Company still has not a plan to adopt such financial reporting standards early application and expected that they will have no material impacts on the financial statements in the year in which they are applied.

### 3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

3.1 The consolidated financial statements have been prepared by including the financial statements of subsidiaries on which Qualitech Public Company Limited has ability to control in making financial and operating decisions upto the controllable is ceased as below :

	Percentage of investment %		Type of business
	2016	2015	
QLT International Limited	99.99	99.99	Providing engineering services in both Thailand and overseas and engage in relevant business
Qualitech Myanmar Limited	0.00	50.99	Providing safety engineering services in Myanmar and engage in relevant business

3.2 The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

3.3 The balance of accounts and transactions between Qualitech Public Company Limited and subsidiaries, unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

3.4 On December 9, 2016, the Company has disposed total ordinary shares of Qualitech Myanmar Limited since such company has registered to dissolve its business already (note 8.2).

#### 4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Income and Expenses Recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

4.1.2 Core revenues of the Company and subsidiaries are derived from billing under contracts that provide for specific time, material and equipment charges which will be billed ranging from daily to monthly. The Company and subsidiaries recognize such revenues based on the period or lump-sum as stipulated in the contract and on the percentage of completion work for long-term mega-contract. Under this method, the Company and subsidiaries estimated contract revenues based on the actual costs incurred as a percentage of total estimated costs. The factors affect to total estimated costs are changes in the cost of materials and labor, productivity, planning, external factors including weather other factors outside the Company and subsidiaries control, may affect the progress and estimated cost of completion. These factors had impact on revenues recognition. The Company and subsidiaries routinely review estimates related to contracts when the total contract costs indicates exceeding contract revenues, the Company and subsidiaries thus, will recognize the contingent loss as expenses and reflect revision immediately.

##### 4.2 Cash and Cash Equivalents

Cash and cash equivalents included cash on hand and at bank of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

##### 4.3 Investments

Investments in securities for trading are stated at fair value. Gain or loss on changes in fair value is recognized as income or expenses in the statements of comprehensive income.

##### 4.4 Trade and Other Receivables

Trade and other receivables are stated at the rights to receive amount / invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

##### 4.5 Inventory

Supplies are valued at the lower of cost on a first - in first - out (FIFO) basis or net realizable value.

#### 4.6 Property, Plant and Equipment

4.6.1 Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Cost of assets including the dismantlement, removal and restoration the site on which it is located, the obligation for which the Company incurs.

4.6.2 Building and equipment are depreciation on a straight-line basis over the estimated useful lives of the assets, and the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are as follows :

	Number of years
Building	20
Building improvement	20
Office furniture and fixture	5
Tools and technical equipment	5
Office equipment	3, 5
Utilities system	5
Vehicles	5

Except for tools and technical equipment acquired from October 23, 1999 to December 31, 2003 and acquired after December 31, 2005 were depreciated on double declining balance method (5 years period) for parts of tools and technical equipment since such tools and technical equipment are made up of technology component. Such technology has greatly developed to be raised the efficiency all the time and the Company must use such tools and technical equipment for performing its work in the customers' office, thus, the tools and technical equipment may possible be obsolete or damage from the performance.

Land and assets under construction were not depreciated.

#### 4.7 Intangible Assets

Intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is determined on a straight-line basis 10 years.

#### 4.8 Impairment of Assets

The Company and subsidiaries have considered the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company and subsidiaries will consider the impairment for each asset item or each assets unit generating cash flows, whichever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of comprehensive income for the period. The Company and subsidiaries will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

#### 4.9 Transactions in Foreign Currencies

The Company and subsidiaries record their transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same date.

Gains or Loss on exchange rate are taken into income or expense in the results of operation.

#### 4.10 Financial Instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade accounts receivable, other receivables, trade accounts payable, other payables and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

#### 4.11 Long-Term Lease Agreement

The Company and subsidiaries record vehicles under purchase agreement as assets and liabilities in an amount equal to the fair value of the leased assets or the present value of the minimum payments under the agreements. Interest expenses are recorded to each period over the term of the agreement.

## 4.12 Employee Benefits

### 4.12.1 Provident Fund

The Company and subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

### 4.12.2 Post-Employee Benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method of which calculated by the Independent Actuary by using Actuarial Technique. The calculation was made from determining the present value of future cash flows expected to be required to settle and determines discount rate by reference to market yield of government bonds should have terms to maturity approximately equal to the terms of such obligations. In determine the future cash flows expected to be required to settle is used from employees' salaries, turnover, length of services and other factors. Changes in actuarial gains or losses are recognized in the period in which they are incurred in other comprehensive income. Expenses related to employee benefits shall be recorded in profit or loss for sharing such expenses throughout the period of services rendering.

## 4.13 Income Tax and Deferred tax

1. Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income
  - Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
  - Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.



2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.
4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
5. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.14 Provisions

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company and subsidiaries settle the obligation. The amount recognized should not exceed the amount of the provision.

#### 4.15 Measurement of fair values

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3 : inputs are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### 4.16 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Allowance for diminution in value of inventory**

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

**Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 4.17 Earnings per Share

Basic earnings per share is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit (loss) for the year by the weighted average of common share issued during the year added by the number of common shares issued for offering to warrant holders of the Company.

### 5. ADDITION DISCLOSURE OF STATEMENTS OF CASH FLOWS

#### 5.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Cash	766,266.85	467,682.13	726,266.85	321,939.47
Cash at bank - current accounts	34,000.00	34,000.00	34,000.00	34,000.00
Cash at bank - savings deposit	42,189,546.76	27,122,268.28	36,888,884.41	20,378,373.10
Total	42,989,813.61	27,623,950.41	37,649,151.26	20,734,312.57

#### 5.2 Non-cash transaction

##### For the year 2016

##### Parent company

1) The Company entered into hire purchase vehicles agreement of Baht 1.97 million which was already made the initial installment in the amount of Baht 0.53 million. The remaining is presented as financial lease liabilities.

2) The Company has the outstanding for fixed assets acquisition amount of Baht 3.14 million which is presented as other payables.

##### Subsidiary

The subsidiary has the outstanding for fixed assets acquisition amount of Baht 0.83 million which is presented as other payables.

For the year 2015

## Parent company

The Company entered into hire purchase vehicles agreement of Baht 6.98 million which was already made the initial installment in the amount of Baht 1.75 million. The remaining is presented as financial lease liabilities.

## Subsidiary

The subsidiary entered into hire purchase vehicles agreement of Baht 1.20 million which was already made the initial installment in the amount of Baht 0.30 million. The remaining is presented as financial lease liabilities.

**6. CURRENT INVESTMENT**

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Investment in open-end fund :-				
KTPLUS	15,002,794.52	0.00	15,002,794.52	0.00
Aberdeen Cash Creation Fund	30,744,702.22	15,563,187.99	0.00	0.00
K-CBOND	5,036.70	0.00	0.00	0.00
KT-ST	0.00	30,518,619.59	0.00	30,518,619.59
T-TSARN	0.00	30,268,501.87	0.00	30,268,501.87
T-TSB	0.00	15,098,203.35	0.00	15,098,203.35
TMBABF	0.00	19,996,659.32	0.00	19,996,659.32
Total investment in				
open-end fund	45,752,533.44	111,445,172.12	15,002,794.52	95,881,984.13
Cash at bank-fixed deposit 6 months	1,489,034.03	1,473,568.12	1,489,034.03	1,473,568.12
Total	<u>47,241,567.47</u>	<u>112,918,740.24</u>	<u>16,491,828.55</u>	<u>97,355,552.25</u>

Such fund invested in debt securities which had minimal risk.

**7. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Trade accounts receivable	106,263,491.98	110,343,110.28	104,193,136.57	98,823,338.81
Other receivables	8,780,008.44	10,727,057.55	8,450,625.66	10,031,306.59
<b>Total</b>	<b>115,043,500.42</b>	<b>121,070,167.83</b>	<b>112,643,762.23</b>	<b>108,854,645.40</b>
Less Allowance for doubtful accounts				
- Trade accounts receivable	(16,578,074.93)	(15,357,255.46)	(16,578,074.93)	(13,700,350.94)
<b>Net</b>	<b>98,465,425.49</b>	<b>105,712,912.37</b>	<b>96,065,687.30</b>	<b>95,154,294.46</b>

Billed trade accounts receivable separated on aging are as follows :

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Undue trade accounts receivable	62,711,873.99	45,909,563.63	60,641,518.58	37,725,061.13
Overdue trade accounts receivable				
- Less than 3 months	25,696,963.97	44,692,415.15	25,696,963.97	44,563,495.15
- Over 3 months to 6 months	1,338,749.53	819,867.00	1,338,749.53	819,867.00
- Over 6 months to 9 months	163,624.40	2,791,185.00	163,624.40	2,791,185.00
- Over 9 months to 12 months	936,417.67	3,304,884.48	936,417.67	98,535.51
- Over 12 months	15,415,862.42	12,825,195.02	15,415,862.42	12,825,195.02
<b>Total</b>	<b>106,263,491.98</b>	<b>110,343,110.28</b>	<b>104,193,136.57</b>	<b>98,823,338.81</b>

## 8. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital (Baht)		Percentage of shareholding		Separate financial statements (Baht)	
			2016	2015	2016	2015	2016	2015
QLT International Limited	Providing engineering services in both Thailand and overseas and engage in relevant business	The Company held 99.99% share capital, director and management have common-shareholding	10,250,000.00	10,250,000.00	99.99	99.99	10,249,385.00	10,249,385.00
Qualitech Myanmar Limited	Security engineering services in Myanmar and engage in relevant business	The Company held 50.99% share capital, director and management have common-shareholding	2,000,000.00	2,000,000.00	0.00	50.99	0.00	1,019,700.00
<b>Total</b>							<b>10,249,385.00</b>	<b>11,269,085.00</b>

8.1 The financial statements for the year ended December 31, 2016 and 2015 of above subsidiaries have been taken for preparing the consolidated financial statements were audited by the auditor.

8.2 On December 9, 2016, the Company has disposed total ordinary shares of Qualitech Myanmar Limited since such company has already registered to dissolve its business with the Ministry of Commerce.

The financial statements of Qualitech Myanmar Limited as at disposal date are detailed as follows :

	<b>Consolidated financial statements (Baht)</b>
Assets	
Cash and cash equivalents	350,492.12
Liabilities	
Other payables	(166,329.64)
	<u>184,162.48</u>
Percentage of investment	<u>50.99</u>
Net assets in percentage of investment	93,895.24
Selling price of investment	(93,895.24)
(Gain) Loss on disposal of investments	<u>0.00</u>
	<u><u>0.00</u></u>
	<b>Separate financial statements (Baht)</b>
Investment in subsidiaries	1,019,700.00
Selling price of investment	(93,895.24)
Loss on disposal of investments	<u>925,804.76</u>



The result of operations of Qualitech Myanmar Limited as discontinued operations until disposal date are included in the consolidated financial statements as detailed following :

	<b>Consolidated financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>
Services income	115,221.00	1,716,981.30
Cost of services	(214,096.21)	(1,091,456.50)
Gross profit (loss)	(98,875.21)	625,524.80
Other income	21,010.29	412,715.19
Administrative expenses	(822,153.90)	(3,498,052.48)
Finance costs	(16,736.30)	(119,095.93)
Loss before income tax	(916,755.12)	(2,578,908.42)
Income tax expenses	0.00	(22,768.53)
Loss for the year	(916,755.12)	(2,601,676.95)
Loss attributable to :		
Non-controlling interests	(449,301.68)	(1,275,081.87)
Owners of the Company	(467,453.44)	(1,326,595.08)

Statements of cash flows of Qualitech Myanmar Limited as at disposal date are detailed as follows :

	<b>2016 (Baht)</b>
Net cash provided by (used in) operating activities	(543,241.25)
Net cash provided by (used in) investing activities	46,471.72
Net cash provided by (used in) financing activities	0.00
Net increase (decrease) in cash and cash equivalents	(496,769.53)
Cash and cash equivalents at the beginning period	847,261.65
Cash and cash equivalents at the end of period	350,492.12

### ၃. PLEDGED BANK DEPOSIT

As at December 31, 2016 and 2015, the Company has deposits at a bank amount of Baht 30.31 million and Baht 30.67 million in the consolidated financial statements and Baht 29.88 million and Baht 29.08 million in the separate financial statements respectively which are mortgaged as collateral against contingent liabilities from bank's issuance of letter of guarantee (note 26).

## 10. PROPERTY, PLANT AND EQUIPMENT

## Consolidated financial statements (Baht)

	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2014	35,080,000.00	33,062,717.99	11,050,084.70	8,241,271.28	148,302,673.61	12,877,732.16	1,291,122.36	53,136,140.91	2,337,685.69	305,379,428.70
Acquisition	21,425,000.00	0.00	0.00	569,460.14	20,233,185.45	1,367,123.99	0.00	8,206,371.03	2,665,670.00	54,466,810.61
Disposal	(11,000,000.00)	0.00	0.00	(159,528.05)	(14,315,572.06)	(419,613.11)	0.00	(3,594,875.14)	0.00	(29,489,588.36)
Transfer to intangible assets	0.00	0.00	0.00	0.00	0.00	(129,410.00)	0.00	0.00	(2,329,607.50)	(2,459,017.50)
As at December 31, 2015	45,505,000.00	33,062,717.99	11,050,084.70	8,651,203.37	154,220,287.00	13,695,833.04	1,291,122.36	57,747,636.80	2,673,748.19	327,897,633.45
Acquisition	250,000.00	23,789,140.53	6,578,756.00	1,989,139.55	33,297,449.45	2,605,105.75	358,686.00	3,104,200.00	0.00	71,972,477.28
Disposal	0.00	0.00	0.00	(162,878.24)	(7,615,320.49)	(564,747.20)	0.00	(318,074.21)	(21,287.19)	(8,682,307.33)
Inter-transaction transfer	2,130,000.00	0.00	516,799.00	5,662.00	0.00	0.00	0.00	0.00	(2,652,461.00)	0.00
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,483,126.68	179,902,415.96	15,736,191.59	1,649,808.36	60,533,762.59	0.00	391,187,803.40
Accumulated depreciation :										
As at December 31, 2014	0.00	8,749,114.93	1,957,472.95	5,214,124.20	97,226,065.18	8,458,992.88	1,291,118.36	26,351,377.63	0.00	149,248,266.13
Depreciation for the year	0.00	1,536,761.09	550,013.95	1,155,418.83	21,178,790.37	2,024,532.78	0.00	3,292,574.23	0.00	29,738,091.25
Depreciation - write off	0.00	0.00	0.00	(105,836.49)	(13,974,170.88)	(675,234.13)	0.00	(3,590,582.90)	0.00	(18,345,824.40)
As at December 31, 2015	0.00	10,285,876.02	2,507,486.90	6,263,706.54	104,430,684.67	9,808,291.53	1,291,118.36	26,053,368.96	0.00	160,640,532.98
Depreciation for the year	0.00	1,796,058.00	583,583.17	1,236,371.14	21,298,130.95	2,141,583.40	3,136.04	3,892,586.50	0.00	30,951,449.20
Depreciation - write off	0.00	0.00	0.00	(148,764.95)	(7,447,796.78)	(553,292.02)	0.00	(302,640.24)	0.00	(8,452,493.99)
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,351,312.73	118,281,018.84	11,396,582.91	1,294,254.40	29,643,315.22	0.00	183,139,488.19
Net book value										
As at December 31, 2015	45,505,000.00	22,776,841.97	8,542,597.80	2,387,496.83	49,789,602.33	3,887,541.51	4.00	31,694,267.84	2,673,748.19	167,257,100.47
As at December 31, 2016	47,885,000.00	44,769,924.50	15,054,569.63	3,131,813.95	61,621,397.12	4,339,608.68	355,553.96	30,890,447.37	0.00	208,048,315.21

## 10. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Separate financial statements (Baht)								Total	
	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles		Assets under construction
Assets - cost :										
As at December 31, 2014	35,080,000.00	33,062,717.99	11,050,084.70	8,198,311.47	147,864,709.96	12,290,101.90	1,291,122.36	52,057,140.91	2,337,685.69	303,231,874.98
Acquisition	21,425,000.00	0.00	0.00	507,997.44	19,793,085.45	1,332,320.25	0.00	7,003,971.03	2,665,670.00	52,728,044.17
Disposal	(11,000,000.00)	0.00	0.00	(159,528.05)	(14,315,572.06)	(419,613.11)	0.00	(3,594,875.14)	0.00	(29,489,588.36)
Transfer to intangible assets	0.00	0.00	0.00	0.00	0.00	(129,410.00)	0.00	0.00	(2,329,607.50)	(2,459,017.50)
As at December 31, 2015	45,505,000.00	33,062,717.99	11,050,084.70	8,546,780.86	153,342,223.35	13,073,399.04	1,291,122.36	55,466,236.80	2,673,748.19	324,011,313.29
Acquisition	250,000.00	23,789,140.53	6,578,756.00	1,881,687.52	31,985,676.27	2,412,301.26	358,686.00	3,104,200.00	0.00	70,360,447.58
Disposal	0.00	0.00	0.00	(148,740.20)	(7,475,180.44)	(527,262.44)	0.00	(318,074.21)	(21,287.19)	(8,490,544.48)
Inter-transaction transfer	2,130,000.00	0.00	516,799.00	5,662.00	0.00	0.00	0.00	0.00	(2,652,461.00)	0.00
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,285,390.18	177,852,719.18	14,958,437.86	1,649,808.36	58,252,362.59	0.00	385,881,216.39
Accumulated depreciation :										
As at December 31, 2014	0.00	8,749,114.93	1,957,472.95	5,210,089.59	97,127,549.25	8,265,424.63	1,291,118.36	26,165,779.27	0.00	148,766,548.98
Depreciation for the year	0.00	1,536,761.09	550,013.95	1,136,819.59	21,015,109.46	1,836,476.44	0.00	3,050,901.01	0.00	29,126,081.54
Depreciation - write off	0.00	0.00	0.00	(105,836.49)	(13,974,170.88)	(675,234.13)	0.00	(3,590,582.90)	0.00	(18,345,824.40)
As at December 31, 2015	0.00	10,285,876.02	2,507,486.90	6,241,072.69	104,168,487.83	9,426,666.94	1,291,118.36	25,626,097.38	0.00	159,546,806.12
Depreciation for the year	0.00	1,796,058.00	583,583.17	1,212,961.43	21,090,922.39	1,988,059.49	3,136.04	3,648,445.51	0.00	30,323,166.03
Depreciation - write off	0.00	0.00	0.00	(144,499.51)	(7,387,686.66)	(520,898.13)	0.00	(302,640.24)	0.00	(8,355,724.54)
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,309,534.61	117,871,723.56	10,893,828.30	1,294,254.40	28,971,902.65	0.00	181,514,247.61
Net book value										
As at December 31, 2015	45,505,000.00	22,776,841.97	8,542,597.80	2,305,708.17	49,173,735.52	3,646,732.10	4.00	29,840,139.42	2,673,748.19	164,464,507.17
As at December 31, 2016	47,885,000.00	44,769,924.50	15,054,569.63	2,975,855.57	59,980,995.62	4,064,609.56	355,553.96	29,280,459.94	0.00	204,366,968.78

## 10.1 Tools and technical equipment as at December 31, 2016 and 2015 are as follows :

## 10.1.1 Tools and technical equipment as at December 31, 2016

(Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,471,540.39	(1,471,499.39)	41.00
- 2004 until present	78,145,620.92	(40,701,730.96)	37,443,889.96
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	3,251,161.75	(3,251,102.75)	59.00
- 2006 until present	94,984,396.12	(72,447,390.46)	22,537,005.66
Total	177,852,719.18	(117,871,723.56)	59,980,995.62

## 10.1.2 Tools and technical equipment as at December 31, 2015

(Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,491,340.39	(1,491,297.39)	43.00
- 2004 until present	54,930,998.85	(34,612,190.17)	20,318,808.68
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	3,623,327.17	(3,623,258.17)	69.00
- 2006 until present	93,296,556.94	(64,441,742.10)	28,854,814.84
Total	153,342,223.35	(104,168,487.83)	49,173,735.52

Depreciation for the year ended December 31, 2016 and 2015 were Baht 21.09 million and Baht 21.02 million respectively.

10.2 As at December 31, 2016, land and building at cost of Baht 36.42 million in the consolidated and separate financial statements are mortgaged as collateral against overdrafts line amount of Baht 30 million and letter of guarantee line amount of Baht 30 million.

## 11. OTHER NON-CURRENT ASSETS

	<b>Consolidated and Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>
Deposit receivable under contract	4,146,214.91	4,043,674.99
Others	1,747.34	11,814.15
Total	4,147,962.25	4,055,489.14
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Provision for impairment of assets	(1,746.80)	(11,814.15)
Net	523,651.38	421,110.92

## 12. TRADE AND OTHER PAYABLES

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Trade accounts payable	9,464,576.13	15,791,741.98	16,394,804.92	19,681,772.38
Other payables				
Accrued expenses	22,828,581.51	39,452,950.51	20,495,278.59	34,204,093.37
Assets payables	3,964,651.62	912,424.10	3,137,124.32	912,424.10
Others	5,148,803.74	4,137,588.03	5,105,227.25	3,980,934.53
Total	41,406,613.00	60,294,704.62	45,132,435.08	58,779,224.38

## 13. FINANCIAL LEASE LIABILITIES

13.1 Financial lease liabilities excluded future interest expenses are as follows :

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Hire purchase payable	6,734,938.53	9,662,247.82	6,142,758.60	8,699,264.79
Less Current portion of long-term liabilities	(3,111,848.51)	(4,328,424.67)	(2,778,443.77)	(3,957,582.33)
Net	3,623,090.02	5,333,823.15	3,364,314.83	4,741,682.46

13.2 The Company's assets at cost are being made the payment under the aforementioned financial lease as follows:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Vehicles	20,366,000.00	24,843,000.00	18,389,000.00	22,866,000.00

13.3 The minimum amounts to be paid under financial lease are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Within 1 year	3,225,251.00	4,640,947.00	2,874,543.00	4,236,583.00
Over 1 year less than 3 years	3,522,383.00	4,710,885.00	3,258,704.00	4,116,781.00
Over 3 years less than 5 years	350,854.00	854,113.00	350,854.00	833,830.00
Total	7,098,488.00	10,205,945.00	6,484,101.00	9,187,194.00
Less Future interest expenses				
of financial lease	(363,549.47)	(543,697.18)	(341,342.40)	(487,929.21)
Present value of financial				
lease liabilities	6,734,938.53	9,662,247.82	6,142,758.60	8,699,264.79

#### 14. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries had an employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

The defined benefit plans expose the Company and subsidiaries to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follows:

	Consolidated		Separate	
	financial statements (Baht)	financial statements (Baht)	financial statements (Baht)	financial statements (Baht)
	2016	2015	2016	2015
Present value of obligations	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00

Movement in the present value of the employee benefit obligations

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
As at 1 January	15,366,594.01	12,793,318.02	15,150,642.00	12,757,950.00
Benefits paid	(5,122,000.00)	(14,000.00)	(5,122,000.00)	(14,000.00)
Current service costs and interest	1,532,299.00	2,018,612.99	1,636,232.00	1,801,080.42
Actuarial losses (gains)	(943,655.00)	568,663.00	(873,491.00)	605,611.58
As at 31 December	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00
Expense recognized in profit or loss				

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Current service costs	1,182,105.75	1,492,880.00	1,286,930.75	1,279,611.42
Interest on obligation	350,193.25	511,733.00	349,301.25	507,469.00
Total	1,532,299.00	2,004,613.00	1,636,232.00	1,787,080.42

The Company and subsidiaries recognized the expenses in the following line items in the statement of income.

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Cost of services	83,055.42	711,037.74	83,055.42	711,037.74
Administrative expenses	1,099,050.33	781,842.26	1,203,875.33	568,573.68
Finance costs	350,193.25	511,733.00	349,301.25	507,469.00
Total	1,532,299.00	2,004,613.00	1,636,232.00	1,787,080.42

Actuarial losses (gains) recognized in other comprehensive income.

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Included in retained earnings :				
As a January 1	568,663.00	0.00	605,611.58	0.00
Recognized during the year	(943,655.00)	568,663.00	(873,491.00)	605,611.58
As at December 31	(374,992.00)	568,663.00	(267,879.42)	605,611.58

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
	2016	2015	2016	2015
Discount rate	2.86	4.00	2.86	4.00
Future salary increases	6.10	6.00	6.10	6.00

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2008 (“TMO08”).

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
as at 31 December 2016				
Discount rate (0.5% movement)	(886,242.00)	976,466.00	(880,598.00)	969,916.00
Future salary growth				
(0.5% movement)	982,780.00	(900,799.00)	976,374.00	(895,215.00)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### IARE CAPITAL

According to the annual general shareholders' meeting for the year 2016 held on April 21, 2016, the shareholders passed the resolution to decrease the registered shares capital from Baht 99 million to Baht 98.57 million by deducting issued 0.43 million shares at par value of Baht 1 each, the Company registered the decrease share capital with the Ministry of Commerce on May 4, 2016.



**16. LEGAL RESERVE**

By virtue of the Public Company Limited Act, the Company is required to set aside the reserve as a legal reserve at least 5% of its annual net income after deduction of the deficit brought forward (if any) until the reserve reaches 10% of authorized share capital. The reserve is not available for dividend distribution.

**17. RETAINED EARNINGS APPROPRIATION****For the year 2016**

According to the annual general shareholders' meeting for the year 2016 held on April 21, 2016, the shareholders passed the resolution to pay dividend to the shareholders at Baht 0.65 per share, total amount of Baht 64.07 million by making interim dividend payment at Baht 0.25 per share amount of Baht 24.64 million, thus, the remaining annual dividend payment at Baht 0.40 per share for 98.57 million ordinary shares, total amount of Baht 39.43 million. During the year, the Company has fully paid such dividend.

According to the minutes of Board of Directors' meeting No. 5/2016 held on August 9, 2016, passed the resolution to pay dividend from the result of six-months profit for the year 2016 to the shareholders at Baht 0.10 per share total amount of Baht 9.86 million. During the year, the Company has paid such dividend in fully amount.

**For the year 2015**

According to the annual general shareholders' meeting for the year 2015 held on April 9, 2015, the shareholders passed the resolution to pay dividend to the shareholders at Baht 0.70 per share, total amount of Baht 68.63 million by making interim dividend payment at Baht 0.20 per share for 96.90 million ordinary shares, total amount of Baht 19.38 million, thus, the remaining annual dividend payment at Baht 0.50 per share for 98.51 million ordinary shares, total amount of Baht 49.25 million. During the year, the Company has paid such dividend in fully amount.

According to the minutes of Board of Directors' meeting No. 6/2015 held on August 8, 2015, passed the resolution to pay dividend from the result of six-months profit for the year 2015 to the shareholders at Baht 0.25 per share total amount of Baht 24.64 million. During the year, the Company has paid such dividend in fully amount.

## 18. INCOME TAX

### 18.1 The calculation of current income taxes

For the year 2016 and 2015, the Company and its subsidiaries calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses for the year and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted profit derived from promoted activities (note 23).

### 18.2 Income tax recognized in profit or loss

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Current income tax</b>				
For the current year	4,924,325.84	6,953,867.17	1,812,592.61	3,478,071.06
<b>Deferred tax</b>				
Changes in temporary differences	0.00	0.00	0.00	0.00
<b>Total income tax</b>	<b>4,924,325.84</b>	<b>6,953,867.17</b>	<b>1,812,592.61</b>	<b>3,478,071.06</b>

As at December 31, 2016 and 2015, allowance for doubtful accounts amount of Baht 16.58 million and Baht 13.70 million respectively are allowance for doubtful accounts of trade accounts receivable granted from promotional investment which have no impacts on deferred tax.

### 18.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Profit before income tax	49,965,794.79	112,028,208.76	33,789,877.08	94,528,256.75
Income tax rate (%)	20	20	20	20
Income tax	9,993,158.95	22,405,641.75	6,757,975.42	18,905,651.35
Prohibited taxable expenses	1,087,181.68	841,873.73	1,086,368.88	534,557.37
Additional taxable expenses	(1,780,172.63)	(485,526.08)	(1,678,710.37)	(485,526.08)
Promoted profit	(4,353,041.31)	(15,639,251.35)	(4,353,041.32)	(15,476,611.58)
Cancel investment promotional privileges	162,380.40	0.00	0.00	0.00
Profit (Loss) for the year in subsidiaries	(185,181.25)	(168,870.88)	0.00	0.00
<b>Total income tax</b>	<b>4,924,325.84</b>	<b>6,953,867.17</b>	<b>1,812,592.61</b>	<b>3,478,071.06</b>
Income tax rate (%)	10	6	5	4

**19. TRANSACTIONS WITH RELATED PERSONS AND PARTIES**

Part of the Company and subsidiaries' assets, liabilities, revenues and expenses arose from transaction with persons and related parties. Those transactions are based on the conditions as the group of companies concerned and in the normal course of business as detailed following :

19.1 General information

<b>Name</b>	<b>Relationship</b>	<b>Description</b>	<b>Pricing policy</b>
<b>Related persons</b>			
Mr. Sumet Techachainiran	The Company's director and shareholder	Guarantee	Non-service charge
Ms. Yanakorn Rattakham	The Company's director and shareholder's daughter	Rental	At agreed price
<b>Subsidiary companies</b>			
Qualitech Myanmar Limited	The Company held 50.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - management service fee	At agreed price
		Wages	At agreed price
QLT International Limited	The Company held 99.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - rental	At agreed price
		Income - management service fee	At agreed price
		Wages	At agreed price
		Materials supply	At agreed price
<b>Related company</b>			
Parami Energy Service Co., Ltd.	Director of such company is director and shareholder of subsidiary	Income - wages	At agreed price
		Wages	At agreed price
		Office rental	At agreed price
		Interest expenses	At the rate of 6.75% per annum

## 19.2 Assets and liabilities transaction with related persons and parties are as follows :

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Trade and other receivables</b>				
Qualitech Myanmar Limited	0.00	0.00	0.00	95,497.50
QLT International Limited	0.00	0.00	54,688.00	0.00
Parami Energy Service Co., Ltd.	0.00	3,331,877.55	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>3,331,877.55</b>	<b>54,688.00</b>	<b>95,497.50</b>
<b>Unbilled services income</b>				
Qualitech Myanmar Limited	0.00	0.00	0.00	90,075.00
QLT International Limited	0.00	0.00	37,383.18	161,383.18
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>37,383.18</b>	<b>251,458.18</b>
<b>Trade and other payables</b>				
Ms. Yanakorn Rattakham	44,000.00	0.00	0.00	0.00
QLT International Limited	0.00	0.00	7,632,550.54	8,538,759.54
Parami Energy Service Co., Ltd.	0.00	879,968.75	0.00	0.00
<b>Total</b>	<b>44,000.00</b>	<b>879,968.75</b>	<b>7,632,550.54</b>	<b>8,538,759.54</b>
<b>Short-term loans</b>				
Parami Energy Service Co., Ltd.	0.00	566,465.63	0.00	0.00

## 19.3 Revenues and expenses transaction with related persons and parties are as follows :

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Service income - wages</b>				
Qualitech Myanmar Limited	0.00	0.00	0.00	59,186.23
QLT International Limited	0.00	0.00	0.00	160,000.00
Parami Energy Service Co., Ltd.	0.00	1,517,359.90	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>1,517,359.90</b>	<b>0.00</b>	<b>219,186.23</b>

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Other income - rental				
QLT International Limited	0.00	0.00	172,396.26	194,392.54
Other income - management fee				
Qualitech Myanmar Limited	0.00	0.00	0.00	1,039,300.00
QLT International Limited	0.00	0.00	448,598.16	448,598.16
Total	0.00	0.00	448,598.16	1,487,898.16
Other income - tools rental				
Qualitech Myanmar Limited	0.00	0.00	0.00	120,000.00
Other income - interest				
Qualitech Myanmar Limited	0.00	0.00	0.00	56,028.79
Cost of services - wages				
Qualitech Myanmar Limited	0.00	0.00	0.00	225,483.32
QLT International Limited	0.00	0.00	24,155,083.21	21,549,155.10
Parami Energy Service Co., Ltd.	0.00	159,784.00	0.00	0.00
Total	0.00	159,784.00	24,155,083.21	21,774,638.42
Cost of services - material supply				
QLT International Limited	0.00	0.00	2,624,646.00	1,738,292.00
Cost of services - rental				
Ms. Yanakorn Rattakham	40,000.00	0.00	0.00	0.00
Administrative expenses - rental				
Parami Energy Service Co., Ltd.	0.00	199,730.00	0.00	0.00
Finance costs - interest expenses				
Parami Energy Service Co., Ltd.	0.00	63,061.66	0.00	0.00

## 20. DIRECTORS' REMUNERATION

Directors' remuneration represent the benefits paid to the Company's directors in accordance with section 90 of the Public Companies Act, excluding salaries and related benefits payable to executive directors.

## 21. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses relating salaries, remunerations and other benefits paid to the directors and management, in accordance with the definitions of the Office of Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels. Some of management benefit expenses are included in cost of services.

## 22. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Employee benefit expenses	223,303,065.17	225,601,768.99	214,981,957.18	218,336,268.06
Depreciation	30,951,449.20	29,738,091.25	30,323,166.03	29,126,081.54
Supplies used	28,974,120.90	35,909,282.07	28,752,210.22	35,737,072.33
Contractor wage	38,578,720.03	32,869,469.09	55,508,853.24	49,155,258.43
Travelling and accommodation expenses	14,061,492.46	15,072,987.86	12,849,018.06	13,347,066.92
Office expenses	8,989,552.34	7,892,356.28	8,739,410.44	7,644,015.56
Fee and consulting fee	3,722,166.59	5,059,999.32	3,577,706.72	3,447,052.75
Repairs and maintenance expenses	3,898,595.00	3,667,936.57	3,590,033.96	3,625,246.46
Directors' remuneration	2,648,300.00	2,775,000.00	2,648,300.00	2,775,000.00
Management benefit expenses	28,602,025.55	34,855,801.95	26,352,025.55	28,736,801.95

### 23. PROMOTIONAL PRIVILEGES

23.1 The Company and subsidiary were granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 and the Board of Investment approved the activities under six promotion certificate for services providing of testing of welding and metal identification as the scientific testing, the certificate No. 1 dated December 28, 2005, No. 2 dated June 18, 2007, No. 3 dated August 4, 2008, No. 4 dated March 4, 2013, No. 5 dated February 20, 2014 and No. 6 dated June 9, 2016. The significant privileges are as follows:

23.1.1 To exempt the customs duties for imported machinery as approved by the Board of Investment.

23.1.2 To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings derives from the promoted activity. In the case where a loss has been incurred during the period of receiving exemption, the annual loss was granted permission to deduct with net profit accrued after the expiration of the period of exemption of income tax for a period of 5 years.

23.1.3 The Company's shareholders will be exempted the corporate income tax for dividend received from the Company all duration of income tax exemption of the Company.

The Company must to comply with the certain conditions and terms as stipulated in promotional certificate.

23.2 On October 7, 2016, a subsidiary made a notice to cancel investment promotion certificate No. 1737(1)/2557 since the services rederring of the Company do not correspond with the apply for investment promotion privileges.

23.3 The results of operation of the Company and subsidiaries for the year ended December 31, 2016 and 2015 separated into promoted business and non-promoted business as follows:

#### Consolidated financial statements (Baht)

	Promoted business		Non-promoted business		Total	
	2016	2015	2016	2015	2016	2015
Services income	304,796,066.40	392,104,183.06	140,979,236.41	116,202,698.89	445,890,523.81	508,306,881.95
Cost of services	(228,001,795.74)	(260,361,907.69)	(95,805,674.85)	(72,310,152.14)	(324,021,566.80)	(332,672,059.83)
Gross profit	76,794,270.66	131,742,275.37	45,173,561.56	43,892,546.75	121,868,957.01	175,634,822.12
Other income	0.00	152,500.07	3,294,844.90	6,844,932.43	3,315,855.19	6,997,432.50
Administrative expenses	(52,392,967.77)	(53,209,036.41)	(22,241,224.50)	(16,500,283.84)	(76,382,252.44)	(69,709,320.25)
Finance costs	(461,314.55)	(690,851.32)	(201,375.51)	(203,874.29)	(679,426.36)	(894,725.61)
Profit before income tax	23,939,988.34	77,994,887.71	26,025,806.45	34,033,321.05	48,123,133.40	112,028,208.76
Income tax expenses	0.00	0.00	(4,924,325.84)	(6,953,867.17)	(4,924,325.84)	(6,953,867.17)
Profit for the year from						
continuing operations	23,939,988.34	77,994,887.71	21,101,480.61	27,079,453.88	43,198,807.56	105,074,341.59

## 24. OPERATING SEGMENTS

24.1 Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive directors.

24.2 The Company and subsidiaries' operations involve virtually in a single in services providing for nondestructive testing and inspect, testing and certification of welding work, metal work and equipment in both domestic and an overseas geographical segment since the overseas segment had services income less than 10% of services volume, therefore, the financial information by geographical segment has not been presented.

24.3 Revenues separated by nature of services are as follows:

	<b>Consolidated financial statements</b>	
	<b>(Million Baht)</b>	
	<b>2016</b>	<b>2015</b>
Non-Destructive Testing	175.95	285.92
Inspection and certificate	269.82	224.10

## 25. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.10.

### 2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. The Company and subsidiaries have policy to hedge this credit risk by reviewing the financial status of customers and collecting based on the percentage of completion. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

### 3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its deposits at bank and financial lease liabilities. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.



#### 4) Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents and current investment, trade and other receivables, long-term investments and pledged bank deposits. Financial liabilities shown in statements of financial position consist of trade and other payables, short-term loans and financial lease liabilities.

Book value of financial assets and liabilities are close to their fair value.

### 26. COMMITMENT AND CONTINGENT LIABILITIES

26.1 The Company and subsidiaries have commitment under purchase and hire agreement with several seller as at December 31, 2016 and 2015 total amount of Baht 12.70 million and Baht 12.60 million in the consolidated financial statements, and Baht 15.23 million and Baht 13.31 million in the separate financial statements respectively.

26.2 The subsidiary has commitment under lease office building agreement as at December 31, 2016 for the amount of Baht 0.48 million.

26.3 The Company and subsidiaries have contingent liabilities from a local bank's issuance of letter of guarantee for the results of work to customers of the Company and guarantee the electricity usage to government agency, as at December 31, 2016 and 2015 total amount of Baht 27.66 million and Baht 26.81 million in the consolidated financial statements, and Baht 27.25 million and Baht 25.22 million in the separate financial statements respectively.

Contingent liabilities are guaranteed by bank deposits (note 9).

### 27. PROVIDENT FUND

On February 8, 2006, the Company has joined to be a member of provident fund named "Peum Kuan Mun Kong Registered Provident fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3-9% based on length of works. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

This fund is managed by Kasikorn Thai Assets Management Company Limited. For the year 2016 and 2015, the Company has contribution expenses in the amount of Baht 3.84 million and Baht 3.72 million respectively.

## 28. CAPITAL MANAGEMENT

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and the capital structure to be properly appropriated.

## 29. EVENTS AFTER THE REPORTING PERIOD

29.1 According to the minutes of Board of directors' meeting No. 1/2017 held on January 14, 2017, passed the resolution to submit to the shareholders' general meeting for approval as follows :

- 1) Issue the ESOP-W2 warrants for 4.90 million units at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 7.30 each. The exercise period is 3 years from the date of issuance and offering (in the 1st year can be exercised right not exceed 20% the 2nd year can be exercised right not exceed 70% and the remaining can be exercised in the 3rd year). The exercise right will be made on the 15th of March and September. The first exercise right commenced on September 15, 2018 and the last exercise right is on June 14, 2020.
- 2) Increase the registered share capital for reserve the exercised ESOP-W2 from Baht 98.57 million to Baht 103.47 million by issuing 4.90 million ordinary shares at par value of Baht 1 each.

29.2 On January 27, 2017, the Company has made payment for acquisition of investment in ordinary shares of Qualitech Myanmar Limited in the amount of USD 20,000 (200 ordinary shares at par value of USD 100 each) or equal to the percentage of investment at 80% of the issued and paid-up share capital.

29.3 According to the minutes of Board of directors' meeting No. 2/2017 held on February 18, 2017, passed the resolution to submit to the shareholders' general meeting for approval the dividend payment from profit for the year 2016 to the shareholders at Baht 0.25 per share, amounting to Baht 26.64 million which was already paid interim dividend at Baht 0.10 per share, amounting to Baht 9.86 million, the remaining to be paid at Baht 0.15 per share for 98.57 million shares, totally Baht 14.78 million.

## 30. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 18, 2017.



## Qualitech Public Company Limited

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