

Contents

2	Message from Chairman
4	Message from Managing Director
6	Report of Audit Committee
8	Board of Directors
10	Organization Chart
12	Financial Data
13	Vision Mission Values
	Nature of Business
14	Company Data
15	Important Development
17	Income Structure
17	Risk Factors
	Structure of Shareholding and Management
20	Shareholding Structure
21	Management Structure
32	Corporate Governance
38	Internal Control
40	Related Transactions
43	Financial Status and Result of the Operation
49	Explanation and Analysis of Financial Status and Result of the Operation
53	Auditor's Report
54	Financial Statement

Message from Chairman

Dear Shareholders,

The past 2009 ushered in a new era for the Company as a public company, having been approved by the Securities and Exchange Commission and the Stock Exchange of Thailand to trade the Company's newly issued shares in the Market for Alternative Investment (MAI) since 9 June 2009. Of course, the success since then could not have happened but for the investors' trust in good management system, especially the Company's transparent supervision and corporate governance. I would like to take this opportunity to thank all the investors for supporting and expressing interest to invest in the Company.

Despite operational difficulties due to the volatile economic and investment conditions, the Company's revenue in 2009 was still impressive. The Company's total revenue was 279 million baht, 15 percent higher than the 2008 figure; and the net profit was 70 million baht, which was a significant increase of 22.8 per cent from the year before. This resulted from the successful enhancement of efficiency, as well as the expansion of new client base and additional services to existing ones. Moreover, the Company prioritized training of knowledge and skills for employees and executives of all levels, to enhance individual capabilities which will in turn benefit the organization.

Lastly, on behalf of the Company's Board of Directors, I would like to once again thank all the investors and concerned persons, as well as the clients and business allies, and I sincerely hope that the Company will always continue to receive your support. Most importantly, I would like to give a special thank to the management and employees for their untiring dedication, sincerity and perseverance shown



towards the Company in light of the great and small difficulties in the past year. In this year, the Company will continue to tirelessly work to the best of our abilities with prudence regardless of the changing situations to drive the Company forward and to attain satisfactory revenue, so as to deserve the trust and confidence that many of you have placed in this Company.

Mr. Natee Boonparm
Chairman of the Board of Directors



Dear Shareholders,

Qualitech Public Company Limited was founded in 1991 with a vision that Thailand's energy, oil refinery, gas separation and petrochemical sectors would be growing fast which would lead to increasing need for safety consideration. Therefore, there have been continuously increasing demand for non-destructive testing services and inspection and certification of metal materials services to ensure safety of various equipment. In the last 19 years, Qualitech Plc. has been entrusted by clients from various sectors, including leading domestic and foreign companies, to carry out safety inspection and certification. Qualitech Plc. has been growing and expanding its services steadily. On 9 June 2009, the company registered in the MAI stock exchange in order to raise capital for further business expansion and the purchase of latest equipment.

In 2009, the company has made many important changes such as investing in high-technology equipment, starting to provide services for wider range of clients, furthering contact with alliances abroad to find an opportunity to expand the company's services internationally. The company also committed itself in training its employees to increase their knowledge and skills in order to support the amount of highly-skilled work and the business expansion.

This year's overall performance is better than the past years with total revenue of 279 million baht. After the deduction of 209 million baht overall expenses, the company has a net profit after revenue taxes of 70 million baht, equivalent to 0.86 baht per share. The company made an interim dividend payment at a rate of 0.15 baht per share on 7 September 2009.

Message from Managing Director

During all this time, the organizational success would not have occurred without cooperation of all employees and officers which pushed the company forward. I would like to take this opportunity to thank all employees for having been through obstacles together until now. I would also like to thank our shareholders, clients and members of the press for entrusting the company and for supporting the company's business so that we have achieved our goals.



Mr. Sannpat Rattakham
Managing Director

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Qualitech Plc. consists of 3 independent members, the composition and qualifications of which, comply with the requirements stipulated in the Notification of the Securities and Exchange Commission (SEC). The Audit Committee consists of Mr. Somyos Chiamchirungkorn, as chairman; Mr. Tinakorn Seedasomboon and Mr. Sompong Songsaeng, as audit committee members.

The Audit Committee has performed its duties and responsibilities within the scope and powers, as tasked by the Board of Directors, in auditing to ensure that the operation is well supervised, transparent and verifiable, has good internal control system and appropriate risk management system. This includes having a accurate, complete and credible report; the gist of which can be summarized as follows:

1. verify the accuracy and credibility of the quarterly financial statement and the Company's annual financial statement of 2009 that it adheres to the generally accepted accounting standard and complying with the Regulations and Notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), including adequate and prompt disclosure of accurate information in the financial statement. In 2009, the Company was able to submit both the verified quarterly financial statement and audited annual financial statement to the SET within the required period, without subsequent significant adjustments after the auditor had audited the said financial statements.

2. on supervision the Company's operation, in accordance with the principle of good business supervision, the Audit Committee had verified compliance with good business supervision of SET. Overall, the Company was in the satisfactory band and planned to further improve.

3. consider verifying the suitability of the internal control system, by giving suggestions on improving the internal control system relating to operation to achieve better efficiency and effectiveness as well as responding to the changes of business conditions. The assessment results of the internal control system were consistent with the view of the auditor in the annual financial statement of 2009 that there was no significant problem or deficiency.



4. on supervision the internal audit, the Audit Committee had verified the performance of the Company's internal audit unit from planning, auditing, reporting and following up and also suggested to enhance the capability and efficiency of the Company's internal audit. In addition, the audit unit presented a report on the result of the audit including solutions for other units to be informed and to subsequently follow.

5. coordinate with the external and internal auditors on the objectives and work plan; report on the results of the audit and issues which are deemed to be of importance resulting from the audit, and verify compliance with laws and regulations related to the Company's business.

Additionally, the Audit Committee had assessed the audit and given its view to the Company's Board of Directors asking for the approval of the shareholders' meeting to appoint Mrs. Vilairat Rojnuckarin, Certified Public Accountant No. 3104, or Miss Somjintana Pholhirunrat, Certified Public Account No. 5599 of the Office of DIA International Auditing, as the Company's auditor for the year 2010 ,with remuneration for auditing not exceeding 700,000 baht.

During the year 2009, the Audit Committee convened 4 meetings, which all the committee members attended. The work of the Audit Committee in its consideration and suggestions had been conducted independently with good cooperation from all sides concerned. Therefore, I would like to take this opportunity to thank you.

For the Audit Committee

MR. SOMYOS CHIAMCHIRUNGKORN

Chairman of the Audit committee



1

MR. NATEE BOONPORM

Chairman/ Independent Director

2

MR. SANNPAT RATTAKHAM

Director/ Executive Director

3

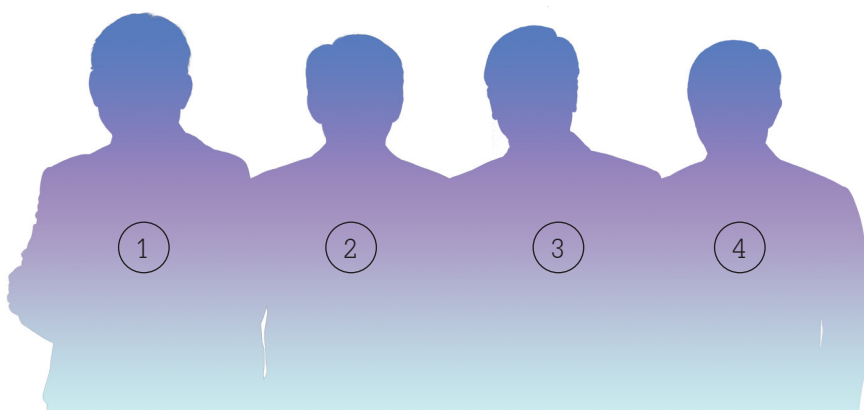
MR. SOMCHAAN LUBTIKULTHAM

Director/ Executive Director

4

MR. SUMET TECHACHAINIRAN

Director/ Executive Director





Board of Directors

5

MRS. MANEERAT RATTAKHAM

Director/ Executive Director

6

MISS RASHANEewan RAWIRACH

Director

7

MR. SOMYOS CHIAMCHIRUNGKORN

Chairman of Audit Committee/ Independent Director

8

MR. TINAKORN SEEDASOMBOON

Audit Committee/ Independent Director

9

MR. SOMPONG SONGSAENG

Audit Committee/ Independent Director



5

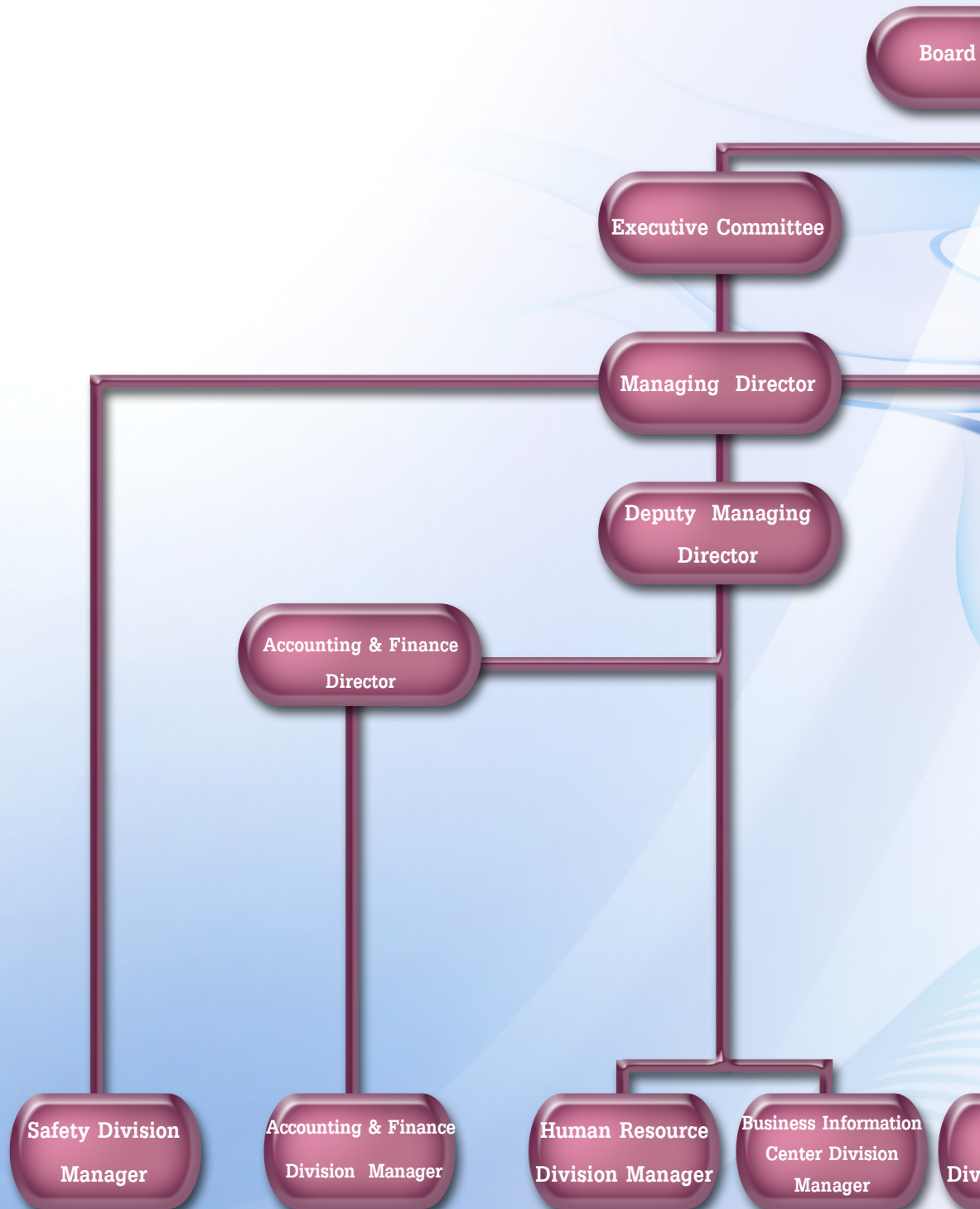
6

7

8

9

Organiza Qualitech Public



Organization Chart

Company Limited

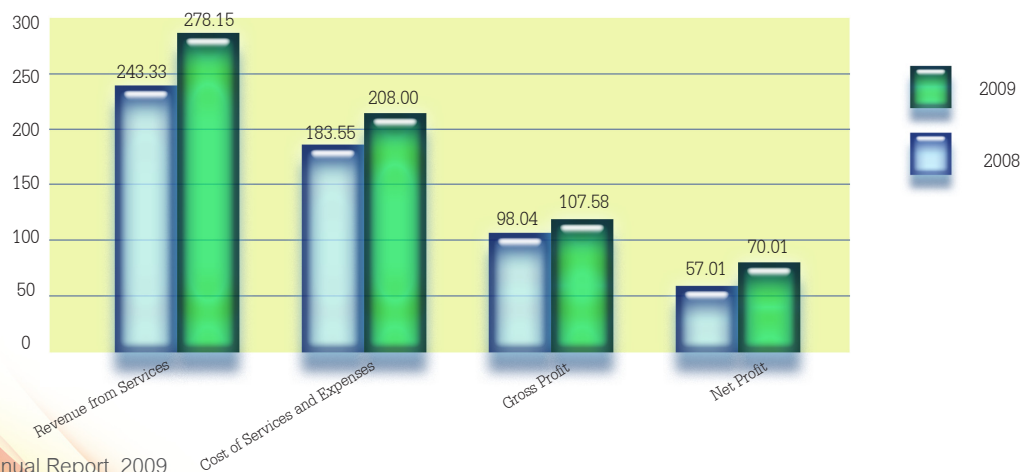


Financial Data

	2008	2009	Increase (Decrease)
Profit and Loss Statement (Million Baht)			
Revenue from Services	243.33	278.15	14.31%
Cost of Services and Expenses	183.55	208.00	13.32%
Gross Profit	98.04	107.58	9.73%
Net Profit	57.01	70.01	22.80%
Balance Sheet (Million Baht)			
Total Assets	169.03	238.15	40.89%
Total Liabilities	39.25	30.00	(23.57%)
Stockholders' Equities	129.78	208.15	60.39%
Financial Ratio			
Gross Profit Ratio (%)	40.29	38.68	(4.00%)
Net Profit Ratio (%)	23.43	25.17	7.43%
Return on Equity (%)	57.70	41.43	(28.20%)
Return on Total Assets (%)	37.99	34.39	(9.48%)
Debt to Equity Ratio (%)	30.24	14.41	(52.35%)
Earnings Per Share			
Basic Earnings Per Share (Baht)*	0.86	0.86	0.00%
Diluted Earnings Per Share (Baht)**	0.63	0.75	23.81%
Book Value Per Share (Baht)	1.85	2.31	24.86%

* Number of shares outstanding computed using weighted average method

** Computed from 90,000,000 shares outstanding



VISION MISSION VALUES

VISION

To be Thailand's leading company in the business of metallic materials inspection and testing, and be accepted in the Southeast Asian region as being professional, established, progressive, on-standard, and operating with corporate governance; so as to bring satisfaction, confidence and quality thus ensuring clients' satisfaction in the services.

MISSION

Qualitech Plc will operate its professional businesses, with corporate governance, so that it would expand sustainably, progressively and with quality; in order to ensure that clients and the concerned parties will be impressed in the services which are accurate, trustworthy and safe.

VALUES

Accurate, safe, attentive to quality, worthwhile and trustworthy.

Nature of Business

Company Data

Location and Branch

Company Name	:	Qualitech Public Company Limited.
Registered Capital	:	100 million Baht with 90 million Baht paid up
Type of Business	:	Non-Destructive testing Inspection & Certification
Head Office	:	21/3 Banplong Road, Maptaphut, Muang, Rayong 21150. Tel.66 38 691 408-10 Fax.66 38 692 028
Branch Office	:	1/37 Moo 1 Nongchak, Banbueng, Chonburi 20170. Tel. 0-3829-7302 Fax. 0-3839-7305
Company registration No.	:	0107550000220
Website	:	www.qualitechplc.com
Registrar	:	Thailand Securities Depository Co., Ltd. The Capital Market Academy Building 2/7 Moo 4 North Park, Vibhavadi Rangsit 62 Road, Laksi, Bangkok 10210 Tel. 66 2 596 9000 Fax. 66 2 839 4994

Authorized Auditor : Mrs. Suvimol Krittayakiern
CPA Registration No.2982
Office of DIA International Auditing
316/32 Soi Sukumvit 22 ,Sukumvit Road,
Klongtoey District , Bangkok 10110.
Tel. 662 2595300 Fax. 662 2601553

The Company also has 4 sub-branches for operating business at different organizations:

1. 302/4 Khaohinson Sub District, Phanomsarakarm District, Chachoengsao.
2. 125/5 Moo9 Laemchabang by-pass Road, Surasak, Sriracha District, Chonburi.
3. 50 Soi Pattanakarn 57, Prawet District, Bangkok.
4. 188/122 Sukhumvit Road, Muang Rayong District, Rayong.

❖ Important Developments

- 1991** : Incorporated on 11 February 1991, with an initial registered capital of 2 million baht, renting a commercial office in Bangkok area to operate the business.
- 1994** : The management considered that the types of work, general clients and main clients which were business allies seemed to be located in the eastern region. Therefore, for smooth running of business and cost saving in transport from Bangkok to Chonburi and nearby provinces, the management decided to purchase, using personal funds, a townhouse in Banbueng District, Chonburi as the Company's office and relocated some of the staff there.
- 1995** : Rented a commercial building at Maptaphut District, Rayong as a temporary office to service clients in the Maptaphut Industrial Estate area.
- 2001** : Registered capital increased in order to meet expansion of work and in creating employees. The Company decided to relocate its head office from Bangkok to Banbueng and built an additional office building to the existing one in Banbueng, Chonburi (now a branch office) to service clients in the area and to have adequate working space for the employees.
- 2002** : Registered capital increased to 20,000,000 baht, in order to expand the business and comply with the requirement stipulated by the Department of

Public Work that a company that provides inspection services of type 1 LPG gas container must have a registered capital no lesser than 20,000,000 baht.

- 2004** : Rapid expansion of services work in Rayong; the Company built a branch office at Muang Rayong , Rayong in order to service clients in the area of Maptaphut Industrial Estate, Rayong.
- 2007** :
- Land area of the Rayong office increased from 2 rai to 4 rai. The executives decided to convert the Rayong office into the head office of the Company and the Banbueng office into a branch office, and registered transformation into a public company on 12 December 2007.
- Signed Partner Agreement with Physical Acoustics Malaysia Sdn Bhd. (PAC). PAC would cooperate with the Company in advanced non-destructive testing as well as providing technological support to the Company.
- Became the first Thai company to be granted the ISO 17025: 2005 standard certification for Thai Laboratory Accreditation Scheme (TLAS) on measurement of iron and steel thickness on 16 October 2007. The Company had plans in the future to apply for more standards certification on other types of testing, thus affirming the Company's quality provision of services.
- 2008** :
- The meeting of the Board of Directors resolved to increase the registered capital from 50 million baht to 100 million baht, with a par value of 1 baht per share. 20 million shares were allocated to the current shareholders. The paid-up capital was 70 million baht to be used for the purchase of land required for operation in Chonburi and Rayong from the Company's directors.
- Granted the ISO 9001: 2000 standard certification on 31 January 2008
- 2009** : The meeting of the Company's Board of Directors resolved to approve the initial public offering (IPO) of 19 million newly issued common stocks and the offer for sale of 1 million shares to the Company's executives and employees. The Company's paid up registered capital after the IPO was 90 million baht (par value of 1 baht per share) and the Company's common stocks were promptly listed in MAI.

❖ Overview of business

The main business of Qualitech Plc. is the provision of third-party engineering services i.e. testing and giving engineering advices that meet the international standards, as an independent expert for various organizations for the purpose of inspection and quality assessment in accordance with the international standards as specified by the clients. The Company's provision 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 it.

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 a object and assess the test as well as producing a report certifying the serviceability of the tested sample with a conclusion whether or not the it is suitable for usage. Inspection and certification includes, for instance, inspection and certification pursuant to the laws for LPG and NGV tanks, piping, boilers and fixed 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 clients for non-destructive testing belong to a group of project contractors, from which the Company is in turn contracted for NDT. As for inspection and certification, 70 per cent of the clients are project owners and the works are normally annual plant inspection and inspection for certification as required by law.

Income Structure : (unit : million Baht)

Type of Work	2008		2009	
	Value	Ratio	Value	Ratio
Non-Destructive testing	129.49	52.81	162.60	58.15
Inspection and Certification	113.84	46.48	115.55	41.31
Others	1.86	0.76	1.56	0.56
Total Income	245.19	100.00	279.71	100.00

Risk Factors :

1. Risk from collection of payments from contractor

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 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.

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 when 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 will consider classifying the 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; or the Company might suspend the provision of services until the arrears are paid; or the Company might proceed by other means as it sees appropriate.

2. Personnel risk

The Company's business is provision of services which requires specific knowledge and expertise in inspection and engineering services work. Therefore, the Company depends on having staff 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 loss of staff or staff's incompetence would adversely affect the Company.

The Company puts personnel development as its first priority, with a policy to enhance staff's knowledge development through domestic and overseas trainings. This includes a plan for the 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 staff, 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 enough staff 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 lesser 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. It also operates a policy of co-ownership for employees by offering 1 million shares of the newly issued common stocks to the executives and employees at a discount rate as a reward and to keep skilled staff with the organization. The Company expects that the aforesaid policy would be able to retain its staff.

3. Risk from service warranty

In providing the services on non-destructive testing, there will be a report 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. It is a report on 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 service-ability 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.

The Company has a third-party insurance against damages resulting from accident with liability coverage of 30 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 work, quality of service, safety standards and etc. So far, the Company has not received any complaint. The Company is thus confident that the risk from certifying the work is a manageable risk.

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. Therefore, 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. In so doing, 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.



Structure of Shareholding and Management

Company Securities

The Company has a registered capital of 100 million baht as 100 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 90 million baht, consisting of 90 million shares of common stocks.

Shareholding Structure

Rank	Name	Year 2009		Year 2008		No. of shares increased (decreased)
		No. of Shares	Per cent	No. of Shares	Per cent	
1	MR. SANNPAT RATTAKHAM	12,600,000	14.00	12,600,000	18.00	-
2	MRS. KULCHIRAPAS TOUCHKULISADEJ	11,960,000	13.29	12,600,000	18.00	(640,000)
3	MR. SOMCHAAN LUBTIKULTHAM	9,650,000	10.72	9,100,000	13.00	550,000
4	MRS. MANEERAT RATTAKHAM	4,300,000	4.78	4,200,000	6.00	100,000
5	MS. YANAKORN RATTAKHAM	4,200,000	4.67	4,200,000	6.00	-
6	MRS. NOI LUBTIKULTHAM	4,200,000	4.67	4,200,000	6.00	-
7	MR. SOMCHART LUBTIKULTHAM	4,200,000	4.67	4,200,000	6.00	-
8	MR. PITSANU MUNIGANONT	4,000,000	4.44	4,000,000	5.71	-
9	MS. PRATUM KHEMWILAD	3,850,000	4.27	3,850,000	5.50	-
10	MS. WIMOL SAETIAO	3,500,000	3.89	3,500,000	5.00	-
Total top ten major shareholders		62,460,000	69.40	62,450,000	89.21	10,000
Total no. of shares		90,000,000	100.00	70,000,000	100.00	20,000,000

Management Structure

The company management comprises 3 bodies: the Board of Directors, the Audit Committee and the Executive Committee. The details are as follows:

Board of Directors

Rank	Name	Position	Education Qualifications	Training on the functions and skills of director
1.	MR. NATEE BOONPARN	Independent Director and Chairman	Master degree	DAP
2.	MR. SANNPAT RATTAKHAM	Director	Master degree	DAP
3.	MR. SOMCHAAN LUBTIKULTHAM	Director	Master degree	DAP
4.	MRS. MANEERAT RATTAKHAM	Director	Bachelor degree	DAP
5.	MR. SRISUDA LUBTIKULTHAM	Director	Master degree	DAP
6.	MR. SUMET TECHACHAINIRAN	Director	Master degree	DAP
7.	MS. RASHANEEWAN RAWIRACH	Director	Master degree	DAP
8.	MR. SOMYOS CHIAMCHIRUNGKORN	Independent Director and Chairman of the Audit Committee	Master degree	DCP
9.	MR. SOMPONG SONGSAENG	Independent Director and Member of the Audit Committee	Master degree	DAP
10.	MR. TINAKORN SEEDASOMBOON	Independent Director and Member of the Audit Committee	Master degree	DAP, DCP, ACP

With MRS. MANEERAT RATTAKHAM : Company's secretary
MRS. WIMOL SAEPHUNG : Audit Committee's secretary

Authorized directors on behalf of the Company:

- | | |
|------------------------------|-----------------------------|
| 1. MR. SANNPAT RATTAKHAM | Managing Director |
| 2. MR. SOMCHAAN LUBTIKULTHAM | Deputy Managing Director |
| 3. MR. SUMET TECHACHAINIRAN | Assistant Managing 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. 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. produce the Company's balance sheet and earnings statement at the end of the Company's accounting period, which 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;

❖ Audit committee

- | | | |
|--------------------------------|----|----------|
| 1. MR. SOMYOS CHIAMCHIRUNGKORN | as | Chairman |
| 2. MR. SOMPONG SONGSAENG | as | Member |
| 3. MR. TINAKORN SEEDASOMBOON | as | Member |

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, 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;
6. 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;
7. 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;
8. is not any otherwise which renders him/her unable to have independent opinion;
9. 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;
10. 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:

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;

 **Executive committees**

The Company's executive committee comprises 4 members:

1. Mr. Sannpat Rattakham as Chairman
2. Mr. Somchaan Lubtikultham as Member
3. Mr. Sumet Techachainiran as Member
4. Mr. Maneerat Rattakham as Member

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. perform other functions as assigned on a case-by-case basis by the Board of Directors.

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.

Company's Executives

The Company has 8 executives as follows:

No.	Name	Position
1.	Mr. Sannpat Rattakham	Managing Director
2.	Mr. Somchaan Lubtikultham	Deputy Managing Director
3.	Mr. Sumet Tachachainiran	Assistant Managing Director
4.	Mrs. Maneerat Rattakham	Accounting and Finance Director
5.	Mr. Thavorn Kitcharoen	Non-destructive Testing Manager
6.	Mr. Channarong Thichinphong	Inspection and Certification Manager
7.	Mr. Rakchat Intaphio	Factory Inspection Manager
8.	Mrs. Wimol Saephung	Internal Audit Manager

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 authorised person of the Company in managing Company's business to fully comply with objectives, articles of association, policies, regulations, rules, orders, decisions of share holders' meeting and/or decisions of the Board of Directors and/or Executive Committee;
4. entrusted with power to authorise 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 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. authorised 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. authorised 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; and
12. perform other functions as assigned on a case-by-case basis by the Board of Directors/the Executive Committee.

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 does not have any specific committee to select directors and executives. In the process of selection of persons to be appointed as directors, their qualification, knowledge, capability, experience and time to be spent in the meeting with the Board of Directors will be taken into account. The shareholders' meeting will appoint directors by majority vote in accordance with the following criteria and method:

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.



Attendance of the Meetings of Board of Directors in 2009

No.	Name of the Board of Directors	Board of Directors (number of times)	Audit Committee (number of times)	Remuneration
1.	Mr. Natee Boonparm	4/4	-	60,000.00
2.	Mr. Sannpat Rattakham	4/4	-	40,000.00
3.	Mr. Somchaan Lubtikultham	4/4	-	40,000.00
4.	Mrs. Maneerat Rattakham	4/4	-	40,000.00
5.	Mrs. Srisuda Lubtikultham*	1/4	-	10,000.00
6.	Mr. Sumet Techachainiran*	3/4	-	30,000.00
7.	Ms. Rashaneewan Rawirach	4/4	-	40,000.00
8.	Mr. Somyos Chiamchirungkorn	4/4	4/4	96,000.00
9.	Mr. Sompong Songseang	4/4	4/4	80,000.00
10.	Mr. Tinakorn Seedasomboon	4/4	4/4	80,000.00

* Mrs. Srisuda Lubtikultham resigned from her post on 7 March 2009 and the post was substituted by Mr. Sumet Techachainiran who was appointed on 25 April 2009.

Remunerations of the Executives

Eight executives at the level of manager of a division or more senior received remunerations, i.e. salary and bonus, from the Company totalling 13,707,391.59 baht in 2009.

Other Remunerations

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

Duration of work	Contribution rate (percentage)
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



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 of good corporate governance was adopted by the meeting of the Board of Directors of public company limited no. 1/2551 held on 19 January 2008 and was amended by the meeting of the Board of Directors no. 4/2551 held on 2 August 2008. 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 tasks the Board of Director to issue written notification for shareholders' meeting comprising sufficient information prior to the meeting at least 7 days. Alternatively, it shall be in accordance with the criteria specified by the Security and Exchange Commission and the Stock Exchange of Thailand;
- 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;
- 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 authorise 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:

- Minority shareholders are allowed to nominate any person to be appointed as a director within reasonable time in advance;
- 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;
- During the shareholders' meeting, directors and executives of the Company shall disclose data relating to their own interest in each agenda so that the Board of Directors 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.

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 to both majority and minority shareholders for the benefit of the all shareholders as a whole, as well as by regularly disclosing complete and accurate data;

Staff : the Company will provide fair remunerations to the staff, 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 opportunities to benefit clients continuously 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 and guarantees 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.

Society : the Company shall not act in any way that will cause damage to the society, natural resources and environment, shall seek for opportunities to support creative activities that benefit the society, and shall continuously and seriously raise the awareness of social responsibility to every level of its staff, as well as shall comply or supervise the compliance with the spirits of laws and regulations issued by regulators.

Chapter 4 Disclosure of Data and Transparency

The Company places importance on disclosure of data that is accurate, complete, transparent, timely and meets the standards in accordance with the criteria provided by the Stock Exchange of Thailand, 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.

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. Details of the report of the Board of Directors, the audit committee and the report of the auditors will appear 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 Mr. Somchaan Lubtikultham, Deputy Managing Director to contact shareholders, analysts and other relevant people.

Chapter 5 Responsibility of the Board of Directors

(1) Structure of the Board of Directors

The Board of Directors consists of directors who are knowledgeable, competent and have experiences in business benefiting the Company. 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 examine the credibility of the budget. 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 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, comprising 4 persons, responsible for facilitating the management, with the terms of reference mandated by the Board of Directors;
- Audit Committee, comprising 3 persons, responsible for examining and 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. 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 business supervision

The Board of Directors causes to have policy for business supervision in writing. It shall regularly

provide for revision and implementation of such policy at least once a year.

Business ethics

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 Data and Conduct of Listed Companies in Related 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 credibility to its budget. 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.

(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 of Directors and Executives 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.

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 1992;
2. The Company requires the executives to report to the Security and Exchange Commission of any change of the holding of securities in accordance with Section 59 of the Security and Exchange Act 1992 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.

Internal Control

1. Sufficiency of Internal Control System

At the meeting of the Board of Directors of public company limited no. 1/2009 on 7 March 2009, attended by the Audit Committee, 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 authorised by law to inspect within reasonable time.

DIA, an audit firm of the Company, has examined the internal system in the year 2009 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.

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.



❖ Related Transactions

Related transactions of the Company with persons who may be in conflict of interests that arose in the year 2009 are as follows:

Person/juristic Person who may be in conflict of interests	Relation	Nature and value of the transaction	Necessity and reasonableness
Duwell Intertrade Limited.	Shareholder and director of Duwell is a close relative with the director and shareholder of the Company	<p>Buying radiating and other disposable materials for the operation in the year 2009 with the amount of 2.25 million baht.</p> <p>Buying materials and equipment for the use of work in the year 2009 with the amount of 0.37 million baht.</p>	<p>Radiating and other disposable materials were bought from Duvell because it is the licensed distributor. The executives have compared prices of the same goods from other sources and found that the price of Duvell is lower or close to the price of other distributors. In this regard, the audit committee has examined such transaction and is of the opinion that it is reasonable and the low price benefits the Company.</p> <p>By ordering materials and equipment from Duvell in addition to those on the list of exemption of import tax by BOI, the Company benefits from the duration of payment which is longer than buying directly from abroad and the buying price is not higher than the price that the Company</p>

Person/juristic Person who may be in conflict of interests	Relation	Nature and value of the transaction	Necessity and reasonableness
			<p>can buy from other distributors. The audit committee has examined such transaction and found that it is reasonable because the Company benefits from the longer duration of payment than buying directly from abroad. It has also compared the price with other distributors’.</p>
Mr. Sannpat Rattakham	Director and shareholder	<p>Mr. Sannpat, in his personal capacity, guaranteed the hire-purchase agreement of car to be used for work of the Company in the year 2009. The remaining value is 1.36 million baht.</p>	<p>Mr. Sannpat provided, in his personal capacity, guarantee to the Company without receiving any return. The audit committee is of the view that such guarantee is reasonable and benefits the Company because the guarantor receives no return from such transaction.</p>
Ms. Montha Chaiyabal	Close relative of director and shareholder	<p>Renting 4-storey commercial building, No. 50 Soi Pattanakarn 57. Renting only the third floor with the utility area of 93.75 square metres</p>	<p>This item is a rent for office space for dealing business in Bangkok. The audit committee is of the view that this item is reasonable and the rent, assessed by</p>

Person/juristic Person who may be in conflict of interests	Relation	Nature and value of the transaction	Necessity and reasonableness
		to be used as a Bangkok Office from June 2008 at the rate of 8,500 baht per month. As for the year 2009, the rent was 0.10 million baht.	independent evaluator, is fair.

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.

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

Summary of Auditing Report

The Financial Statements for the year ended December 31, 2007, 2008 and 2009 were audited by Mrs. Suvimol Krittayakiern, Thailand Certified Public Accountant Registration No. 2982 of the Office of DIA International Auditing. In her opinion, the financial statements referred to above, showing the financial status, result of the operation, and cash flows, presented fairly in all material respects and conformed to generally accepted accounting principles.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007 to 2009

Tables of Qualitech Public Company Limited's Financial Statements

Unit: Thousand Baht

Result of the Operation	2007		2008		2009	
	Amount	%	Amount	%	Amount	%
Total Income	212,698.01	100.00	244,924.24	100.00	279,206.96	100.00
Services Income	212,120.34	99.73	243,333.83	99.35	278,149.73	99.62
Cost of Services	135,508.52	63.71	145,295.17	59.32	170,566.91	61.09
Gross Profit	76,611.82	36.12*	98,038.67	40.29*	107,582.82	38.68*
Other Income	577.67	0.27	1,590.40	0.65	1,057.23	0.38
Selling and Administrative Expenses	40,007.64	18.81	38,258.79	15.62	37,436.40	13.41
Bad Debt Expenses (Reversing Entry)	17,231.42	8.10	(273.06)	(0.11)	(502.14)	(0.18)
Financial Costs - Interest Expenses	1,190.76	0.56	975.34	0.40	636.99	0.23
Profit Before Income Tax	18,759.67	8.82	60,667.99	24.77	71,068.80	24.45
Income Tax	3,707.31	1.74	3,658.50	1.49	1,058.65	0.38
Net Profit	15,052.37	7.08	57,009.50	23.28	70,010.15	25.07
Basic Earnings Per Share (Baht)	0.54		0.86		0.86	
Book Value Per Share (Baht)	1.51		1.85		2.31	
Par Value (Baht)	1.00		1.00		1.00	

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



BALANCE SHEETS

AS AT DECEMBER 31, 2007 to 2009

Unit : Thousand Baht

Financial Status	December 31, 2007		December 31, 2008		December 31, 2009	
	Amount	%	Amount	%	Amount	%
Assets						
Current Assets						
Cash and Cash Equivalents	4,336.30	3.31	13,513.09	7.99	11,450.29	4.81
Current Investment	-	-	-	-	89,366.68	37.53
Trade Accounts Receivable - net	39,826.31	30.38	58,700.65	34.73	49,639.43	20.84
Unbilled Services Income	22,743.66	17.35	28,156.26	16.66	23,527.74	9.88
Inventories	2,034.72	1.55	3,326.47	1.97	2,995.86	1.26
Other Current Assets	2,331.52	1.78	3,318.62	1.96	2,668.30	1.12
Total Current Assets	71,272.51	54.36	107,015.08	63.31	179,648.30	75.44
Non-Current Assets						
Property, Plant and Equipment - net	57,470.70	43.84	51,795.82	30.64	50,273.89	21.11
Deposit Receivable under Contract	409.10	0.31	455.05	0.27	141.05	0.06
Other Non - Current Assets	1,952.67	1.49	9,768.42	5.78	8,084.89	3.39
Total Non - Current Assets	59,832.47	45.64	62,019.29	36.69	58,499.83	24.56
Total Assets	131,104.98	100.00	169,034.37	100.00	238,148.13	100.00
Liabilities						
Current Liabilities						
Overdrafts from Financial Institutions	4,140.54	3.16	-	-	-	-
Trade Accounts Payable	2,360.31	1.80	7,651.61	4.53	3,890.00	1.63
Current Portion of Long -Term	5,437.22	4.15	4,591.38	2.72	2,718.73	1.14
Short - Term Loans from Related Persons	-	-	5,000.00	2.96	-	-
Accrued Dividend Payment	29,000.00	22.12	-	-	-	-
Accrued Expenses	10,064.03	7.68	12,368.58	7.32	18,331.40	7.70

Unit : Thousand Baht

Financial Status	December 31, 2007		December 31, 2008		December 31, 2009	
	Amount	%	Amount	%	Amount	%
Payable for Purchase of Fixed Assets	873.02	0.67	-	-	-	-
Other Current Liabilities	1,344.17	1.03	1,431.25	0.85	2,007.63	0.84
Total Current Liabilities	53,219.27	40.59	31,042.81	18.36	26,947.76	11.32
Non-Current Liabilities						
Long - Term Loans - net	4,643.82	3.54	3,095.57	1.83	-	-
Liabilities Under Financial Lease	5,419.29	4.13	5,113.89	3.03	3,047.55	1.28
Total Non-Current Liabilities	10,063.11	7.68	8,209.46	4.86	3,047.55	1.28
Total Liabilities	63,282.38	48.27	39,252.27	23.22	29,995.31	12.60
Shareholders' Equity						
Authorized Shares Capital	50,000.00	38.14	100,000.00	59.16	100,000.00	41.99
Issued and Paid - Up Share Capital	45,000.00	34.32	70,000.00	41.41	90,000.00	37.79
Share subscription Received in Advance	5,000.00	3.81	-	-	-	-
Premium on Share Capital	-	-	-	-	55,970.57	23.50
Appropriated - Legal Reserve	2,752.17	2.10	5,602.64	3.31	9,103.15	3.82
Retained Earnings	15,070.43	11.49	54,179.46	32.05	53,079.10	22.29
Total Shareholders' Equity	67,822.60	51.73	129,782.10	76.78	208,152.82	87.40
Total Liabilities and Shareholders' Equity						
Equity	131,104.98	100.00	169,034.37	100.000	238,148.13	100.00



STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 to 2009

Unit : Baht

	Audited		
	2007	2008	2009
Cash Flows from Operating Activities			
Net Profit	15,052,368	57,009,497	70,010,148
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating			
Reversed Doubtful Accounts	-	(273,060)	(502,138)
Depreciation	19,891,856	19,767,488	19,759,839
Bad debt	370,987	-	-
Doubtful Accounts	17,231,422	-	-
Gain on Disposal of Fixed Assets	(331,762)	(841,780)	209,450
Unrealized Loss on Exchange Rate	109,472	-	-
Loss on Impairment	371,522	-	-
(Increase) Decrease in Portion of Operating Assets			
Trade Accounts Receivable	(8,316,419)	(24,013,877)	14,191,875
Inventories	(1,718,147)	(1,291,744)	330,613
Other Current Assets	(276,694)	(987,105)	650,318
Deposit Receivable under Contract	1,643,670	(45,950)	313,995
Other Non-Current Assets	(1,723,558)	-	-
Increase (Decrease) in Portion of Operating Liabilities			
Trade Accounts Payable	(24,820,186)	5,291,307	(3,761,608)
Accrued Expenses	(1,878,787)	2,303,749	6,009,460
Other Current Liabilities	(65,721)	(785,937)	364,145
Adjustments to Reconcile Cash Paid to Interests Expense and Income Tax	-	(2,705,085)	(2,469,704)

	Audited		
	2007	2008	2009
Net Cash Provided by Operating Activities	15,540,023	53,427,503	105,106,393
Cash Flows from Investing Activities			
Increase in Current Investment	-	-	(89,366,679)
Cash Paid to Payable for Purchase of Fixed Assets	(15,132,482)	(11,695,609)	(12,428,788)
Cash Received from Sales of Fixed Assets	550,636	1,078,032	149,533
Prepayment for Purchase of Fixed Assets	(2,186,059)	(5,109,858)	(1,003,262)
Net Cash Used in Investing Activities	(16,767,906)	(15,727,435)	(102,649,196)
Cash Flows from Financing Activities			
Increase (Decrease) in Overdrafts from Financial Institution	1,329,671	(4,140,537)	-
Increase (Decrease) in Short - Term Loans from Related Persons	-	5,000,000	(5,000,000)
Increase (Decrease) in Long -Term Loans	2,767,535	(2,134,115)	(4,739,881)
Decrease in Liabilities under Financial Lease Agreement	(3,233,077)	(3,198,628)	(3,140,683)
Proceeds from Increase Share Capital	30,000,000	20,000,000	75,970,572
Dividend Paid	(29,000,000)	(44,050,000)	(67,610,000)
Net Cash Used in Financing Activities	1,864,129	(28,523,280)	(4,519,992)
Net Increase (decrease) in Cash and Cash Equivalents	636,246	9,176,789	(2,062,795)
Cash and Cash Equivalents as at January 1	3,700,053	4,336,298	13,513,087
Cash and Cash Equivalents as at December 31	4,336,298	13,513,087	11,450,292



Explanation and Analysis of Financial Status and Result of the Operation

Overall Result of the Previous Operation

The Company is a business operator in engineering inspection. The services that the Company provide can be divided into non-destructive testing and inspection and certification. Major clients of the Company are clients in petrochemical industry growing steadily in accordance with the expansion of national economy. In the year 2009, the Company's total revenue was 279 million baht, increasing 14.00 per cent when compared to the previous year, resulting principally from the increase of revenue from non-destructive testing. Despite the setback of economy, the Company is hardly affected because of the nature of Company's business which is a necessary service for the operation of its traders, particularly those in the petrochemical and power groups, which continuously require safety test and certification of their factory and equipment.

In early year of 2009, the Company made a profit of 107.58 million baht equivalent to 38.68 per cent of the preliminary profit from cost management. As regards policy towards clients, the Company provides services to clients with good potential and delivers services that meet the demand of the clients. In the year 2009, the Company made a net profit of 70.01 million baht, increasing 22.80 per cent compared to the year 2008, equivalent to 25.07 per cent of the net profit.

The continuous increase of profit results not only from management of expenditures, but also from reduction of tax burden as a result of BOI promotion card granted by the Board of Investment.

Analysis of Result of the Operation

Revenue

Total revenue of the Company in the years 2008 and 2009 is 245.19 million baht and 279.71 million baht respectively. Major revenue derives from the provision of services in 2 sectors:

(1) Provision of non-destructive testing (NDT) service. Most of the services provided for are testing of construction or of setting up of new structures. Most of the Company's traders are contractors, such as testing of structure of tank containers and testing of gas pipelines. In the year 2009, the increase of revenue from NDT derives from the expansion of service to the current clients.

(2) Provision of inspection and certification service. The increase of revenue derives from current clients (project owners) requiring for inspection and certification (recurring revenue), such as testing of oil rigs, oil refineries, natural gas separation plants and petro-chemical factories. The revenue from this sector of service tends to increase primarily corresponding to the expansion of petro-chemical industry.

Other revenue derives from profit from currency exchange rate, interests, profit from sales of assets.

Cost of Services and Gross Profit

The total cost of services in the year 2009 is equivalent to 36.68 per cent of the gross profit. The gross profit of the non-destructive testing and inspection and certification services is similar in proportion.

Major costs for primary services are staff wages, disposable materials, price depreciation, and wages paid to the outsiders.

Selling and Administrative Expenses

Selling and Administrative Expenses in the year 2009 is equivalent to 13.41 per cent of the total revenue, decreasing 2.15 compared with the previous year. The major Selling and Administrative Expenses is payment relating to the staff, such as salary, overtime payment and bonus.

Net Profit and Return on Equity

In the years 2008 and 2009, the Company has its net profit with the amount of 57.01 million baht and 70.01 million baht respectively, equivalent to 23.28 and 25.07 of the net profit respectively. In the year 2009, the net profit rate increases as a result of the reduction of cost of sales and management as well as the grant of BOI promotion card resulting in the increase of proportion of revenue exempt from taxation according to BOI. As a result, the capital gains tax of the company decreases.

In the years 2008 and 2009, profit per share (calculated at the register price: 1 baht) is 0.86 baht pershare and 0.85 baht per share respectively. The Company has increased registered capital from 50 million baht to 70 million baht in the year 2008 and 90 million baht in the year 2009.

Analysis of Financial Status

Assets

At the end of the years 2008 and 2009, the Company has its assets equivalent to 169.03 million baht and 238.15 million baht respectively, amounted to 40.89 per cent of the expansion rate from the capitalisation and being listed in the Stock Exchange of Thailand in the year 2009.

As of the end of the years 2008 and 2009, the value of Company's circulating assets is 107.02 million baht and 179.65 million baht respectively, equivalent to 63.31 per cent and 75.44 per cent of the total assets. The significant circulating asset is temporary investment fund. In the year 2009, while waiting to spend the money in accordance with the objectives informed to the Security Exchange and in order to manage the remaining cash, the Company invested the money received from the capitalisation in open-ended fixed revenue funds with low risk and high in liquidity.

Recognition of revenue corresponds to the completed work in accordance with document summarising work in progress of each project, signed by clients and taking note of the value of work that is not paid up. The invoice will be issued when the work is completed in accordance with the contract. Therefore, as of the end of the years 2008 and 2009, debts from debtors of net trade that are requested to pay the net amount are valued at 58.70 million baht and 49.64 million baht respectively.

Approximate period for debt collection is 94 days and 88 days for the years 2008 and 2009 respectively. The reduction of debtors is primarily default debtors, down from the year 2008 to 27.44 per cent. The risk of unpaid debts by such debtors is low.

Liquidity of Cash Flow

As a result of the continuity of gaining net profit, cash flow from the activities carried out in the years 2008 and 2009 is continuously positive, equivalent to 53.43 million baht and 105.11 million baht respectively. Cash flow from investment activities in the years 2008 and 2009 is equivalent to 15.73 million baht and 102.65 million baht respectively, resulting primarily from investment in permanent assets such as purchasing equipment and materials used for expansion of business, purchasing land and temporarily investing in fixed revenue funds with money from the capitalisation while waiting for spending in accordance with the objectives. Cash flow from capitalisation activities in the years 2008 and 2009 is equivalent to 28.52 million baht and 4.52 million baht respectively. In the year 2009, the Company capitalised by increasing 20 million shares. In this connection, the Company received cash from the capitalisation with the amount of 75.97 million baht and dividends paid out in cash with the amount of 67.61 million baht comprising payment from the operation in the year 2008 with the amount of 54.11 million baht and dividends paid during the interval of the operation in the year 2009 with the amount of 13.50 million baht.

Sources of Fund

As of the end of the years 2008 and 2009, the Company's total debts are valued at 39.25 million baht and 30.00 million baht respectively. Most of the debts are in the form of circulating debts, valued at 31.04 million baht and 26.95 million baht respectively.

As of the end of the years 2008 and 2009, the Company's non-circulating debts are valued at 8.21 million baht and 3.05 million baht respectively, comprising of long-term loans (net amount due within 1 year) for purchasing machines used for expansion of business in the year 2008 with the amount of 3.10 million baht and during the year 2009 the long-term loans were already paid up, and the rest are debts arising out of hire-purchase agreements of cars.

As of the end of the years 2008 and 2009, shareholders contributed to the amount of 129.78 million baht and 208.15 million baht respectively. In the year 2009, dividends were paid out for the operation of business in the year 2008 with the amount of 54.11 million baht. The excess of shares value of the capitalisation of 20 million shares is valued at 55.97 million baht. Profit from the operation is valued at 70.01 million baht. Dividends paid out during the operation in the year 2009 are valued at 13.50 million baht, resulting in the significant increase on the part of shareholders.

As of the end of the years 2008 and 2009, debt per shareholder is rated at 0.30 times and 0.14 times respectively. The rate of debt per shareholder is low due to the fact that the Company has a policy to use funds deriving from shareholders and to use loans only if it deems necessary in order to reduce burden on interests.

Remuneration for Auditors

Budget of the Company has been examined and reviewed by Mrs. Suvimol Krityakian, an auditor with a licence no. 2982, from DIA Audit Firm. The total expense in the year 2009 is 650,000 baht and the Company does not pay any other non-audit fee to the DIA Audit Firm



AUDITOR'S REPORT

To The Shareholders of

QUALITECH PUBLIC COMPANY LIMITED

I have audited the balance sheets of QUALITECH PUBLIC COMPANY LIMITED as at December 31, 2009 and 2008, the related statements of income and statements of changes in shareholders' equity and statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of QUALITECH PUBLIC COMPANY LIMITED as at December 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing



(Mrs. Suvimol Krittayakiern)

C.P.A. Thailand

Registration No. 2982

February 27, 2010

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

Assets	Note	2009	Baht	2008
Current Assets				
Cash and Cash Equivalents	5	11,450,291.89		13,513,087.10
Current Investment	6	89,366,678.83		0.00
Trade Accounts Receivable - net	7	49,639,431.04		58,700,649.41
Unbilled Services Income		23,527,737.80		28,156,256.14
Inventories		2,995,855.75		3,326,468.60
Other Current Assets		2,668,301.40		3,318,619.67
Total Current Assets		179,648,296.71		107,015,080.92
Non-Current Assets				
Property, Plant and Equipment - net	8	50,273,885.93		51,795,821.35
Other Non - Current Assets				
Prepayment for Purchase of Fixed Assets		1,003,261.60		5,109,858.00
Withholding Income tax		7,081,626.36		4,658,557.92
Other -Net	9	141,055.00		455,050.00
Total Non - Current Assets		58,499,828.89		62,019,287.27
Total Assets		238,148,125.60		169,034,368.19

Notes to financial statements are parts of these financial statements

Liabilities and shareholders' equity	Note	2009	Baht	2008
Current liabilities				
Trade accounts payable		3,890,003.77		7,651,612.32
Current portion of long - term liabilities	10, 11	2,718,724.21		4,591,375.72
Short - term loans from related persons		0.00		5,000,000.00
Other current liabilities				
Accrued expenses		18,331,400.10		12,368,575.47
Others		2,007,631.34		1,431,245.28
Total current liabilities		26,947,759.42		31,042,808.79
Non-current liabilities				
Long - term loans - net	10	0.00		3,095,569.03
Liabilities under financial lease agreement - net	11	3,047,547.57		5,113,890.88
Total non-current liabilities		3,047,547.57		8,209,459.91
Total liabilities		29,995,306.99		39,252,268.70
Shareholders' equity				
Share capital				
Authorized shares capital				
100,000,000 common shares of Baht 1 each	12	100,000,000.00		100,000,000.00
Issued and paid - up share capital				
90,000,000 common shares of Baht 1 each	12	90,000,000.00		
70,000,000 common shares of Baht 1 each	12			70,000,000.00
Premium on share capital	12	55,970,571.40		0.00
Retained earnings				
Appropriated - legal reserve	13	9,103,150.68		5,602,643.29
Unappropriated	14	53,079,096.53		54,179,456.20
Total shareholders' equity		208,152,818.61		129,782,099.49
Total liabilities and shareholders' equity		238,148,125.60		169,034,368.19

Notes to financial statements are parts of these financial statements

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

		2009	Baht	2008
Services income		278,149,730.99		243,333,834.28
Cost of services		(170,566,909.89)		(145,295,168.98)
Gross profit		107,582,821.10		98,038,665.30
Other income		1,559,370.55		1,863,461.01
Profit before expenses		109,142,191.65		99,902,126.31
Administrative expenses		(28,170,325.56)		(27,886,897.63)
Directors' remuneration	15	(1,826,000.00)		(690,000.00)
Management benefit expenses	16	(7,440,075.58)		(9,681,890.54)
Total expenses		(37,436,401.14)		(38,258,788.17)
Profit before finance costs and income tax		71,705,790.51		61,643,338.14
Finance costs		(636,989.18)		(975,343.15)
Profit before income tax		71,068,801.33		60,667,994.99
Income tax	17	(1,058,653.61)		(3,658,497.63)
Net profit		70,010,147.72		57,009,497.36
Earnings per share				
Basic earnings per share		0.86		0.86
Weighted average number of common shares		81,666,667		66,666,667
Notes to financial statements are parts of these financial statements				

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Unit : Baht)

	Note	Issued and Paid-up Share Capital	Premium on Share Capital	Share subscription Received In Advance	Retained earnings (Deficit)		Total
					Appropriated	Unappropriated	
Balance as at December 31, 2007		45,000,000.00	0.00	5,000,000.00	2,752,168.41	15,070,433.72	67,822,602.13
Increase share capital	12	25,000,000.00	0.00	(5,000,000.00)	0.00	0.00	20,000,000.00
Dividend paid	14	0.00	0.00	0.00	0.00	(15,050,000.00)	(15,050,000.00)
Net profit for the year		0.00	0.00	0.00	0.00	57,009,497.36	57,009,497.36
Legal reserve	13	0.00	0.00	0.00	2,850,474.88	(2,850,474.88)	0.00
Balance as at December 31, 2008		70,000,000.00	0.00	0.00	5,602,643.29	54,179,456.20	129,782,099.49
Increase share capital	12	20,000,000.00	55,970,571.40	0.00	0.00	0.00	75,970,571.40
Dividend paid	14	0.00	0.00	0.00	0.00	(54,110,000.00)	(54,110,000.00)
Net profit for the year		0.00	0.00	0.00	0.00	70,010,147.72	70,010,147.72
Interim dividend paid	14	0.00	0.00	0.00	0.00	(13,500,000.00)	(13,500,000.00)
Legal reserve	13	0.00	0.00	0.00	3,500,507.39	(3,500,507.39)	0.00
Balance as at December 31, 2009		90,000,000.00	55,970,571.40	0.00	9,103,150.68	53,079,096.53	208,152,818.61

Notes to financial statements are parts of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	Baht	2008
Cash flows from operating activities			
Profit before income tax	71,068,801.33		60,667,994.99
Adjustments to reconcile net profit to net cash provided by operating			
Reversed doubtful accounts	(502,137.64)		(273,060.00)
Depreciation	19,759,839.17		19,767,487.79
Gain) Loss on disposal of fixed assets	209,450.20		(841,780.43)
Interest expenses	636,989.18		975,343.15
	91,172,942.24		80,295,985.50
 (Increase) Decrease in portion of operating assets			
Trade accounts receivable	9,563,356.01		(18,601,283.06)
Unbilled services income	4,628,518.34		(5,412,594.24)
Inventories	330,612.85		(1,291,744.13)
Other current assets	650,318.27		(987,104.66)
Other non-current assets	313,995.00		(45,950.00)
 Increase (Decrease) in portion of operating liabilities			
Trade accounts payable	(3,761,608.55)		5,291,306.80
Accrued expenses	6,009,460.03		2,303,749.38
Other current liabilities	364,145.26		(785,937.17)
Cash generated from operation	109,271,739.45		60,766,428.42
Interest paid	(683,624.58)		(974,542.24)
Income tax paid	(3,481,722.05)		(6,364,383.06)
Net cash provided by operating activities	105,106,392.82		53,427,503.12
Notes to financial statements are parts of these financial statements			

	2009	Baht	2008
Cash flows from investing activities			
Increase in current investment	(89,366,678.83)		0.00
Cash received from sales of fixed assets	149,532.71		1,078,032.21
Cash paid to payable for purchase of fixed assets	(12,428,787.86)		(11,695,608.99)
Prepayment for purchase of fixed assets	(1,003,261.60)		(5,109,858.00)
Net cash used in investing activities	(102,649,195.58)		(15,727,434.78)
Cash flows from financing activities			
Increase (Decrease) in overdrafts from financial institution	0.00		(4,140,537.27)
Increase (Decrease) in short - term loans from related persons	(5,000,000.00)		5,000,000.00
Decrease in long - term loans	(4,739,880.86)		(2,134,114.80)
Decrease in liabilities under financial lease agreement	(3,140,682.99)		(3,198,627.52)
Proceeds from increase share capital	75,970,571.40		20,000,000.00
Dividend paid	(67,610,000.00)		(44,050,000.00)
Net cash used in financing activities	(4,519,992.45)		(28,523,279.59)
Net increase (decrease) in cash and cash equivalents	(2,062,795.21)		9,176,788.75
Cash and cash equivalents as at January 1	13,513,087.10		4,336,298.35
Cash and cash equivalents as at December 31	11,450,291.89		13,513,087.10

Notes to financial statements are parts of these financial statements

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009 AND 2008

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 the branch office is located at 1/37 Moo 1, Nongchak, Banbueng, Chonburi.
- 1.3 The Company engaged in business of provides the technical services testing, inspection and certification for operation safety of industry equipments, 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. FINANCIAL STATEMENTS PREPARATION BASIS

The financial statements have been prepared in accordance with the notification of Department of Business Development by Ministry of Commerce dated January 30, 2009 regarding the condensed form should be included in the financial statements B.E. 2552 and also prepared in conformity with generally accepted accounting principles enunciated under the Accounting Act B.E. 2543 including the Accounting Standards issued under the Accounting Professions Act B.E. 2547 and presented in accordance with the regulations of the Securities and Exchange Commission regarding the preparation of financial statements 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.

3. NEW ACCOUNTING STANDARDS ISSUANCE

The Federation of Accounting Professions issued the notification No. 86/2551 and No. 16/2552, pertaining to the Accounting Standards announced in the Government Gazette, required to adopt the revised Accounting Standards as following:

- 3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (Formerly TAS No. 54) Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for the period beginning on or after January 1, 2009. The Company's management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the Company's business, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right will not have any material impact on the financial statements for the current Period.

3.2 Accounting standards which are not effective for the current year

	Effective date
TAS 20 Accounting for Government Grants and Disclosure of January 1, 2012 Government Assistance	
TAS 24 (Revised 2007) Related Party Disclosures	January 1, 2011
TAS 40 Investment Property	January 1, 2011

The management of the Company is still evaluating the effect of these three accounting standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

4. SUMMARY OF 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 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 recognizes 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 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's control, may affect the progress and estimated cost of completion. These factors had impact on revenues recognition. The Company routinely review estimates related to contracts when the total contract costs indicates exceeding contract revenues, the Company, 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 are due within three months from the deposit date and without restriction on withdrawal.

4.3 Investments

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

4.4 Allowance for Doubtful Accounts

The Company provides the allowance for doubtful accounts for the possible loss incurred from receivable. The estimated loss are based on historical collection experience and a review of the current status of existing receivable. The Company has fixed the percentage of allowance for doubtful accounts based on receivable aging other than the above provision.

Aging of overdue receivables	Percentage of allowance for doubtful accounts
Over 3 - 6 months	10
Over 6 - 9 months	30
Over 9 - 12 months	50
Over 12 months	100

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).

4.6.2 Building and equipment are depreciation on a straight-line basis over the estimated useful lives of the assets as follows :

	Number of years
Building	20
Building improvement	5
Tools and technical equipment	5
Office equipment	3, 5
Office furniture and fixture	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 Impairment of Assets

The Company has 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 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 income for the period.

The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

4.8 Transactions in Foreign Currencies

The Company records its 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 balance sheets 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.

4.9 Financial Instruments

Financial instruments are presented in balance sheets, consist of cash and cash equivalents, current investment, trade accounts receivable, other receivables, trade account payable, short-term loans and long-term loans and other payables. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

4.10 Long-Term Lease Agreement

The Company records 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.

4.11 Employees Benefit

4.11.1 Provident fund

The Company has 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 income in the period in which they are incurred.

4.11.2 Retirement benefit

This obligation is to provide retirement benefit to retired employees under the defined retirement plan, determined by the labour law. The Company will record the retirement cost in the period in which the employees retired.

4.12 Income Tax

The company recorded income tax by calculating from taxable net profit as prescribed in the Revenue Code.

4.13 Use of Accounting Estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto.

Consequent actual results may differ from those estimates.

4.14 Provision for Liabilities

The Company recognizes a provision for liabilities 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 settles the obligation. The amount recognized should not exceed the amount of the provision.

4.15 Basic Earnings per Share

Earnings (Loss) per share as presented in the statements of income is the basic earnings per share which 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.

5. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

5.1 Cash and Cash equivalents

	2009	Baht	2008
Cash	158,947.00		198,500.11
Cash at bank - current accounts	32,000.00		24,963.00
Cash at bank - savings accounts	11,259,344.89		13,289,623.99
Total	11,450,291.89		13,513,087.10

5.2 Cash paid during the years

Non - cash transaction

In 2009, the Company entered into hire purchase vehicles agreement of Baht 1.13 million which was already made the initial installment in the amount of Baht 0.28 million. The remaining is presented as payable under hire purchase agreement.

In 2008, the Company entered into hire purchase vehicles agreement of Baht 3.40 million which was already made the initial installment in the amount of Baht 0.77 million. The remaining is presented as payable under hire purchase agreement.

6. CURRENT INVESTMENT

	2009	Baht	2008
K - Treasury Fund - short term government bond	25,164,017.19		0.00
SCB Savings Fixed Income Fund (SCBSFF)	36,116,384.93		0.00
The Krung Thai Sa - Som - Sub Fund	28,086,276.71		0.00
Total	89,366,678.83		0.00

Such fund invested in debt securities which had minimal risk since it has no policy to invest in private debt securities.

7. TRADE ACCOUNTS RECEIVABLE - NET

	2009	Baht	2008
Billed receivable separated on aging			
Undue receivable	29,647,228.70		26,711,433.38
Overdue receivable			
- Less than 3 months	18,640,958.69		29,523,664.44
- Over 3 months to 6 months	1,482,766.28		2,036,439.25
- Over 6 months to 9 months	5,720.00		883,637.53
- Over 9 months to 12 months	25,500.00		28,420.00
- Over 12 months	12,890,267.30		13,072,202.38
Total	62,692,440.97		72,255,796.98
Less Allowance for doubtful accounts	(13,053,009.93)		(13,555,147.57)
Net	49,639,431.04		58,700,649.41

8. PROPERTY, PLANT AND EQUIPMENT - NET

	Land	Building	Building improvement	Tools and technical equipment	Office equipment	Office furniture and fixtures	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2008	7,219,000.00	9,290,260.87	2,143,717.35	77,392,829.58	6,080,654.42	3,596,917.51	1,291,122.36	36,877,080.87	7,920.00	143,899,502.96
Purchase	0.00	0.00	164,363.00	14,535,147.74	2,150,122.74	338,135.59	0.00	1,245,916.54	163,201.05	18,596,886.66
Disposal	0.00	0.00	0.00	(13,390,755.08)	(1,804,916.92)	(884,428.95)	0.00	(277,228.97)	0.00	(16,357,329.92)
Transference	0.00	0.00	0.00	7,920.00	0.00	0.00	0.00	0.00	(7,920.00)	0.00
As at December 31, 2009	7,219,000.00	9,290,260.87	2,308,080.35	78,545,142.24	6,425,860.24	3,050,624.15	1,291,122.36	37,845,768.44	163,201.05	146,139,059.70
Accumulated depreciation :										
As at December 31, 2008	0.00	3,097,768.85	412,548.30	55,079,223.85	4,739,358.24	2,902,832.05	1,119,674.77	24,752,275.55	0.00	92,103,681.61
Depreciation for the year	0.00	417,886.17	109,088.24	12,860,953.68	1,062,106.07	315,063.36	171,443.59	4,823,298.06	0.00	19,759,839.17
Depreciation - write off	0.00	0.00	0.00	(13,140,649.71)	(1,745,138.30)	(844,133.76)	0.00	(268,425.24)	0.00	(15,998,347.01)
As at December 31, 2009	0.00	3,515,655.02	521,636.54	54,799,527.82	4,056,326.01	2,373,761.65	1,291,118.36	29,307,148.37	0.00	95,865,173.77
Net book value										
As at December 31, 2008	7,219,000.00	6,192,492.02	1,731,169.05	22,313,605.73	1,341,296.18	694,085.46	171,447.59	12,124,805.32	7,920.00	51,795,821.35
As at December 31, 2009	7,219,000.00	5,774,605.85	1,786,443.81	23,745,614.42	2,369,534.23	676,862.50	4.00	8,538,620.07	163,201.05	50,273,885.93

As at December 31, 2009 and 2008, equipment at cost of Baht 36.36 million and Baht 34.20 million, respectively were depreciated in full.

As at December 31, 2009 and 2008, vehicles at cost of Baht 16.23 million and Baht 20.81 million, respectively which is under the payment as indicated in agreement (note 11).

As at December 31, 2009 and 2008, land, building and building improvement at cost of Baht 18.82 million and Baht 18.65 million, respectively are mortgaged as collateral for overdrafts line from bank amount of Baht 4.50 million at the interest rate of MRR per annum, long-term loans from bank (note 10) and contingent liabilities from bank issuance of letter of guarantee (note 23).

Tools and technical equipment as at December 31, 2009

(Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight - line method			
- Before October 23,1999	3,168,864.03	(3,168,759.03)	105.00
- 2004 until present	32,372,334.01	(22,792,048.85)	9,580,285.16
Depreciation by double - declining balance method			
- Before October 23, 1999 to 2003	5,797,715.07	(5,797,641.07)	74.00
- 2006 until present	37,206,229.13	(23,041,078.87)	14,165,150.26
Total	78,545,142.24	(54,799,527.82)	23,745,614.42

Depreciation for the year ended December 31, 2009 and 2008 was Baht 12.86 million and Baht 12.39 million, respectively.

9. OTHER NON - CURRENT ASSETS - NET

	2009	Baht	2008
Deposit receivable under contract	3,763,619.07		4,077,614.07
Properties foreclosed	0.00		371,522.18
Total	3,763,619.07		4,449,136.25
Less Allowance for doubtful accounts	(3,622,564.07)		(3,622,564.07)
Provision for impairment of properties foreclosed	0.00		(371,522.18)
Net	141,055.00		455,050.00

10. LONG - TERM LOANS - NET

	2009	Baht	2008
Loans from bank	0.00		4,739,880.86
Less Current portion of long - term liabilities	0.00		(1,644,311.83)
Net	0.00		3,095,569.03

As at December 31, 2008, the Company has long - term loans from a bank at the interest rate of MRR per annum. The principal and interest are monthly repaid of Baht 0.23 million each, beginning in September 2004 and maturing in March 2012. Such loans are guaranteed by mortgaging the Company's land and building (note 8) and personal guarantee by some directors. During the year 2009, the Company has repaid such loans in full amount.

11. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT - NET

1) Liabilities under financial lease agreement excluded future interest expenses as follows :

	2009	Baht	2008
Payable under hire purchase agreement	5,766,271.78		8,060,954.77
Less Current portion of long - term liabilities	(2,718,724.21)		(2,947,063.89)
Net	3,047,547.57		5,113,890.88

2) The minimum amount to be paid under financial lease agreement as follows :

	2009	Baht	2008
Within 1 year	3,054,554.98		3,454,727.28
Over 1 year less than 3 years	3,085,439.02		5,404,587.72
Over 3 years less than 5 years	69,713		0.00
Total	6,209,707.00		8,859,315.00
Less Future interest expenses of financial lease agreement	(443,435.22)		(798,360.23)
Present value of liabilities under financial lease agreement	5,766,271.78		8,060,954.77

12. SHARE CAPITAL

According to the minutes of the shareholders' extraordinary meeting no. 1/2008 held on February 2, 2008, the Company passed the resolution to increase its share capital for another Baht 50 million, total registered share capital amounted to Baht 100 million dividend into 100 million shares of Baht 1 each, the allocation of increase share capital is below :

- (1) To allot 20 million common shares to the existing shareholders at the ratio of 2.56 shares to 1 new share.
- (2) To allot 30 million common shares to offer to the public and allocate the management and employees (ESOP).

On February 27, 2008, the Company has registered the increase share capital with the Ministry of Commerce, as a result, the registered share capital amount of Baht 100 million and the paid-up share capital amounting to Baht 70 million which receive the payment from allocation to the existing shareholders in (1).

According to the minutes of the Board of Directors' meeting no. 2/2009 held on May 9, 2009, passed the resolution to take the increase share capital according to (2) for 19 million shares to offer to the public at the price of Baht 4.00 each and offer to the management and employees at Baht 3.20 each. In June 2009, the Company has received the payment for such share capital in fully amount, resulted premium on share capital amount of Baht 55.97 million, and the paid-up share capital to be Baht 90 million.

13. 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 capital. The reserve is not available for dividend distribution.

14. RETAINED EARNINGS APPROPRIATION

For the year 2009

According to the minutes of Board of Directors' meeting no. 3/2009 held on August 8, 2009, passed the resolution to pay interim dividend to the shareholders at Baht 0.15 per share for 90 million shares, amounting to Baht 13.50 million. During the period, the Company has paid the interim dividend in fully amount.

According to the minutes of shareholders' general meeting for the year 2009 held on April 25, 2009, passed the resolution to pay dividend from profit of year 2008 to the shareholders at Baht 0.773 per share for total 70 million shares amounting to Baht 54.11 million. During the period, the Company has paid such dividend in whole amount.

For the year 2008

According to the minutes of shareholders' general meeting for the year 2008 held on April 26, 2008, passed the resolution to pay dividend from net profit for the year 2007 to the shareholders for

70 million shares at Baht 0.215 each, totally Baht 15.05 million which was paid during the period.

15. DIRECTORS' REMUNERATION

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

16. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the 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. Part of management benefit expenses are included in cost of services.

17. CORPORATE INCOME TAX

The Company calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses and added by other expenses which shall not be allowed as expenses in tax calculation

except the exempted profit derived from promoted activities (note 20).

18. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

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

18.1 General information

Name/description	Relationship	Pricing policy
Related persons and parties		Non-service charge
Mr. Sannpat Rattakham	The Company's director and shareholder	
Guarantee		
Mrs. Monta Chaiyaban	Intimate of the Company's directors and shareholders	At the agreed rate of Baht 8,500 starting June 2008
Office rental		
Duwell Intertrade Limited	Shareholder are the near relative of the Company's directors	Close to market value.
Tools and technical equipment Purchase of goods		

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

Trade accounts payable

	2009	Baht	2008
Duwell Intertrade Limited	220,420.00		48,685.00

Short-term loans from related persons

	2009	Baht	2008
Shareholders	0.00		5,000,000.00

On December 15, 2008, the Company has loans obtained from every shareholders based on proportion of shareholding by issuing promissory notes due at call at the interest rate of 4.90% per annum for the purpose to settle the purchasing machinery and equipment. During the period, the Company has already repaid such loans in whole amount.

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

	2009	Baht	2008
Cost of services - purchase of goods			
Duwell Intertrade Limited	2,249,000.00		616,050.00
Administrative expenses - office rental			
Mrs. Monta Chaiyaban	102,000.00		59,500.00

18.4 Purchase of tools and technical equipment transactions with related persons and parties are as follows :

	2009	Baht	2008
Tools and technical equipment			
Duwell Intertrade Limited	373,500.00		792,000.00

19. EXPENSES ANALYZED BY NATURE

	2009	Baht	2008
Employee expenses	111,263,044.08		94,717,652.96
Depreciation	19,759,839.15		19,767,487.79
Supplies used	25,509,562.93		19,168,840.91
Contractor wage	13,380,235.82		11,500,560.74
Travelling and accommodation expenses	7,674,933.54		8,446,357.25
Office expenses	5,038,674.92		4,370,010.21
Fee and consulting fee	1,753,511.28		3,345,120.29
Repairs and maintenance expenses	2,395,245.05		2,038,462.32
Directors' remuneration	1,826,000.00		690,000.00
Management benefit expenses	13,707,391.59		15,337,836.65

20. PROMOTIONAL PRIVILEGES

20.1 The Company was 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 three 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 and no. 3 dated August 4, 2008.

The significant privileges are as follows :

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

20.1.2 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.

20.1.3 The Company's shareholders will be exempt 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.

20.2 The results of operation of the Company for the year ended December 31, 2009 and 2008 separated into promoted business and non-promoted business as follows :

(Unit : Baht)

	Promoted business		Non-promoted business		Total	
	2009	2008	2009	2008	2009	2008
Services income	239,805,395.33	152,274,243.67	38,344,335.66	91,059,590.61	278,149,730.99	243,333,834.28
Cost of services	(142,246,238.32)	(80,312,283.53)	(28,320,671.57)	(64,982,885.45)	(170,566,909.89)	(145,295,168.98)
Gross profit	97,559,157.01	71,961,960.14	10,023,664.09	26,076,705.16	107,582,821.10	98,038,665.30
Other income	0.00	0.00	1,559,370.55	1,863,461.01	1,559,370.55	1,863,461.01
Administrative expenses	(31,660,580.06)	(23,681,099.26)	(5,775,821.08)	(14,577,688.91)	(37,436,401.14)	(38,258,788.17)
Finance costs	(546,115.38)	(599,952.32)	(90,873.80)	(375,390.83)	(636,989.18)	(975,343.15)
Income tax	0.00	0.00	(1,058,653.61)	(3,658,497.63)	(1,058,653.61)	(3,658,497.63)
Net profit	65,352,461.57	47,680,908.56	4,657,686.15	9,328,588.80	70,010,147.72	57,009,497.36

21. SEGMENT INFORMATION

The Company's operation involve virtually 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 segment has not been presented.

22. 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. 4.9.

2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. The Company has 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 balance sheets 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 joint venture's operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its deposits at financial institutions, short-term loans, overdrafts and short-term

loans from financial institutions and long - term loans. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk.

4) Fair value of financial instruments

Financial assets shown in balance sheets consist of cash and deposits at financial institutions, trade accounts receivable, short - term loans and other receivables. Financial liabilities shown in balance sheet consist of bank overdrafts and short - term loans from financial institutions, trade accounts payable, accrued dividend, long - term loans and other payables.

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

23. CONTINGENT LIABILITIES

The Company has 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, total amount as at December 31, 2009 and 2008 of Baht 3.71 million and Baht 3.80 million, respectively.

24. 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% of 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 2009 and 2008, the Company has contribution expenses in the amount of Baht 2.29 million and Baht 2.12 million, respectively.

25. CAPITAL MANAGEMENT

The objective of financial management of the Company is to maintain the continuity of operation capability and capital structure to be properly appropriated.

26. RECLASSIFICATION

The Company has reclassified the certain accounts in the 2008 financial statements to be conformed to the presentation in the 2009 financial statements.

27. FINANCIAL STATEMENTS APPROVAL

These financial statements were authorized for issue by the Board of directors of the Company on February 27, 2010.





บริษัท ควอลิเทค จำกัด (มหาชน)
Qualitech Public Company Limited

