



บริษัท ควอลิตี้เทค จำกัด (มหาชน)

Qualitech Public Company Limited

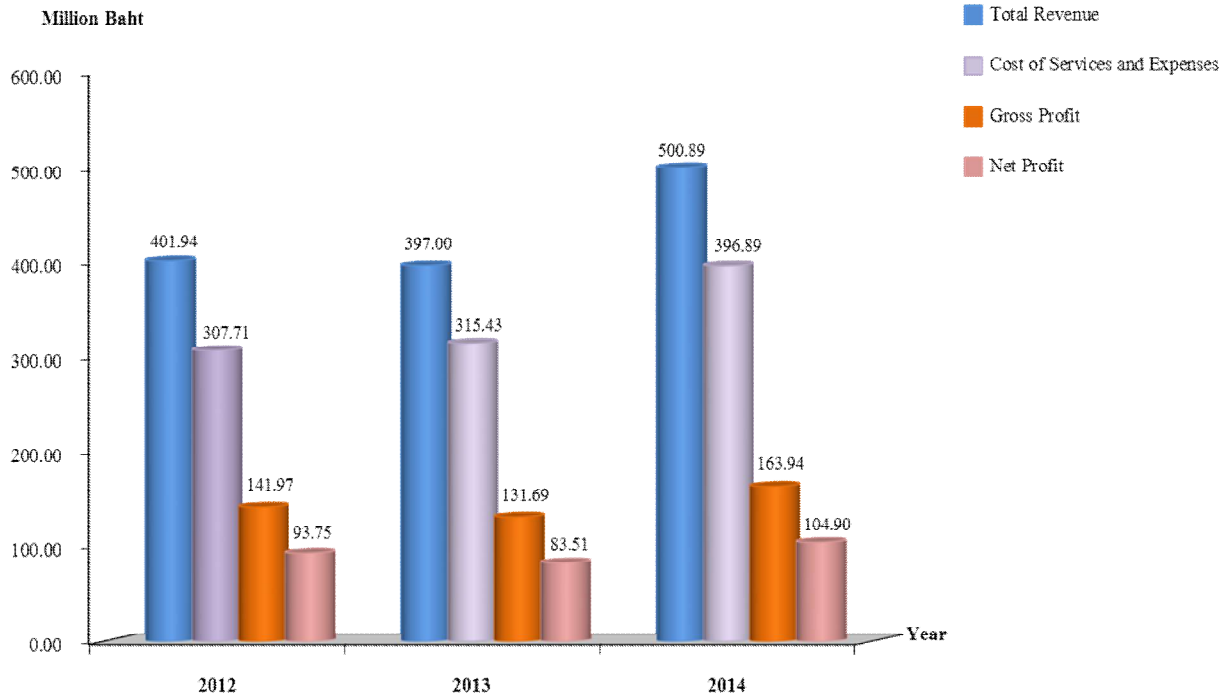


Annual Report 2014

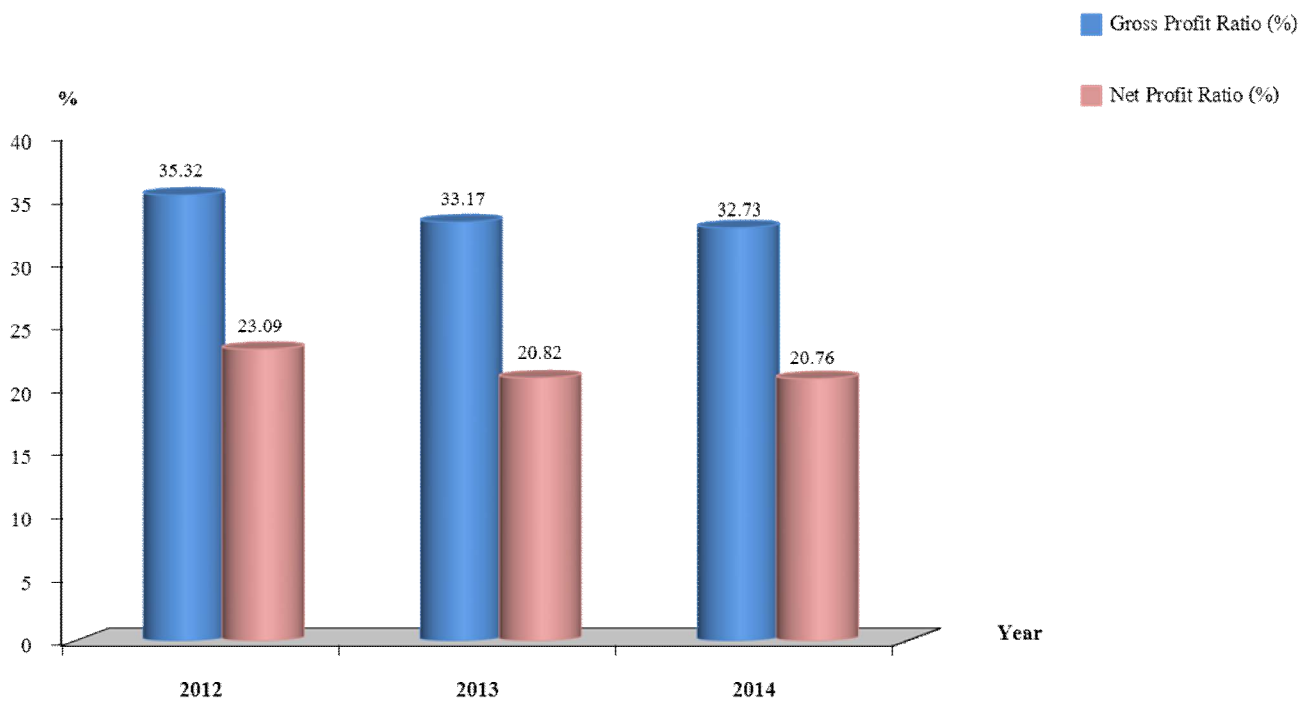
www.qualitechplc.com

	2012	2013	2014
Statements of Comprehensive Income (Million Baht)			
Total Revenue	401.94	397.00	500.89
Cost of Services and Expenses	307.71	315.43	396.89
Gross Profit	141.97	131.69	163.94
Net Profit	93.75	83.51	104.90
Statements of Financial Position (Million Baht)			
Total Assets	397.91	430.58	503.97
Total Liabilities	58.61	70.11	86.00
Total Shareholders' Equity	339.30	360.47	417.97
Financial Ratio			
Gross Profit Ratio (%)	35.32	33.17	32.73
Net Profit Ratio (%)	23.09	20.82	20.76
Return on Equity (%)	30.02	23.87	26.95
Return on Total Asset (%)	25.31	20.16	22.45
Debt to Equity Ratio (times)	0.19	0.20	0.22
Earnings Per Share			
Net Profit Per Share (Baht)*	0.99	0.87	1.08
Net Diluted Profit Per Share (Baht)**	0.98	0.86	1.08
Book Value Per Share (Baht)	3.27	3.51	3.91
* Number of shares outstanding computed using weighted average method			
** Computed from Shares outstanding			

Financial Summary



Financial Ratio



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Vision

The Company operates business in the field of safety engineering and provides the high quality services in accordance with the international standard by using modern technologies for the purpose of strengthen the public safety system and the company also sustain the development of organization and personnel competence to continuously achieve an international standard accreditation in order to become a leader in the Asean Economic Community (AEC).

Dear Shareholders:

Year 2014 is another year the company is successful to operate in the middle of world economy's fluctuation. But with determination, the company grows more than expected with supporting positive factors such as the market grows in term of construction including Module and Natural Gas Tube Construction, Inspection during Shutdown. Besides, the company emphasized on developing personnel continually so that they have more universal certification and the company is certified of quality management system as universal standard etc. this made the operation of Qualitech Public Company Limited and its subsidiaries grew with total income of 505.42 million Baht increasing from previous year for 26.00% and it had total profit of 104.90 million Baht increasing for 25.62% compared to previous year.

However, the company still determines to develop the organization with corporate governance and retains service strategy emphasizing on accuracy, reliability, safety and quality. Moreover, the company participates in anti-corruption programs along with having social and environmental responsibility incessantly.

For 2015, the company anticipates that the business is unceasingly growing although being affected by drastically reducing oil price that has impact on global survey and drilling work. Investment in constructing machinery for production is decelerated and some customers are likely to cut operational budget. However, the company is confident that safety service work still continues for some customers

I, as the committee of QUALITECH PUBLIC COMPANY LIMITED, am thankful to shareholders, customers, trade partners, business alliance and stakeholders for supporting the company and thank every company's employee for being united to work. The committee hopes to be honorable and trusted to motivate developing the company sustainably



Mr. Natee Boonparm

Chairman of the Board of Directors



Mr. Sannpat Rattakham

Managing Director

Dear shareholders and to whom that may concern

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

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

In 2014, audit committee arranged 4 meetings to consider issues by discussing with the executives, internal auditors and auditor in relevant agenda and summarizing material matter for operation in year 2014 as follows

1. Financial Budget Audit

Audit committee has audited turnover of the company, quarterly financial budget, and annual financial budget together with auditors, executives and the relevant to ensure that financial budget was correct and financial report was made according to Generally Accepted Accounting Principles with disclosing information sufficiently, completely and reliably and the audit committee had opinion that financial budget of the company was made and corrected as it should be in matter according to standard of Thai Financial Report with reliability, transparency that was auditable and sufficient.

2. Company's Internal Control System Sufficiency Audit and Inspection

Audit Committee has audited suitability of internal control system with suggestion to improve such internal control system to be more effective and liquid that is updated to current economic condition and work management with free and unlimited competition in terms of communication and internal audit governance. They have verified annual audit plan, practices and audit result report. Internal audit of the company is suitable, sufficient and covering risk factors as well as effective to management.

3. Corporate Governance Audit and Legal Compliance

Audit committee has verified ethics and corporate governance compliance and it was found that the company has followed ethics and corporate governance and it has determination to operate business corresponding to sustainable development with corporate governance and along with social and environmental responsibility of the organization and make anti-corruption policy as well as evaluating according to self-assessment related to anti-corruption measures as regulations of Thai Institute of Director Association

Audit committee has audited operation of the company if it was corresponding to law and regulations of Stock Exchange of Thailand and other law relevant to business of the company and saw that the company has complied with rules, regulations along with laws and found no significant defects.

4. Cross-transaction Audit and Conflict of Interest

Audit Committee has audited cross-transaction of the company and subsidiaries along with connected

transaction or conflict of interest to ensure that it follows normal business condition and reveals information for transparency and there was no transaction affecting the company significantly

5. Risk Management Evaluation System Audit

Audit Committee has audited policy and guidelines of risk management and progression of risk management to reduce or control risks along with auditing operational systems of the company as well as sufficiency of risk control system that the company has communicated with employees to realize risk and mutual responsibility between executives and employees for risk management. Audit committee had opinions that the company has enough risk evaluation and management system so that possible consequence of risk is acceptable.

6. Auditor Appointment and Audit Fee for 2015

Audit committee has considered performance of auditors in previous year and felt satisfied with such performance. The auditor is independent, skillful and has experience to audit business of the company. Audit Committee had opinions to present to company's committee for approval in shareholder's meeting to appoint, Mrs. Wilarat Rojnakarin, an authorized auditor with license number 3104 and/or Mrs. Suwimon Littayakian, the authorized auditor with license number 2982 and/or Miss. Supaporn Mangjit, an authorized auditor with license no 8125 from DIA International Auditing Company Limited as the auditor of the company in 2015 with audit fee not over 875,000 Baht per year

On behalf of Audit Committee

Your Faithfully,

A handwritten signature in blue ink, appearing to read 'Somyos'.

Mr.Somyos Chiamchirungkorn
Chairman of the Audit Committee



Mr.Natee Boonparm
Chairman/Independent director



Mr.Somyos Chiamchirungkorn
Chairman of the audit committee/ Independent



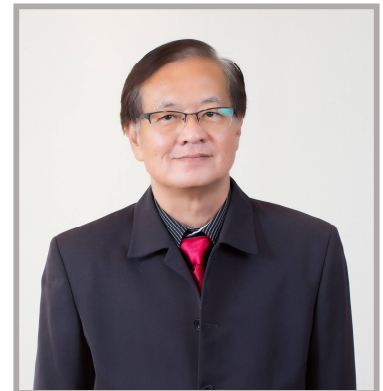
Mr.Sannpat Rattakham
Director/Executive director



Mr.Sumet Techachainiran
Director/Executive director



Ms.Raschaneewan Rawirach
Director/Executive



Mr.Somchan Lubtikultham
Director



Mrs.Maneerat Rattakham
Director



Mr.Tinakorn Seedasomboon
Audit committee/Independent



Mr.Somchai Jongsirilerd
Audit committee/Independent director

Company Data

Location and Branch

Company Name	Qualitech Public Company Limited.
Registered Capital	99 million Baht with 96.58 million Baht paid up
Type of Business	Non-Destructive Testing Inspection & Certification
Company's registration No.	0107550000220
Website	www.qualitechplc.com

Head Office	21/3 Banplong Road, Maptaphut, Muang, Rayong 21150 Tel. +66 3869-1408 to 10 Fax. +66 3869-2028
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Branch Office (1)	1/37 Moo 1, Nongchak, Banbueng, Chonburi 20170 Tel. +66 3829-7302 to 4 Fax. +66 3829-7305
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Branch Office (2)	50, Soi Pattanakarn 57, Prawet District, Bangkok 10250 Tel. +66 2116-9294 Fax. +66 27221132
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Registrar	Thailand Securities Depository (Thailand) Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. +66 2229-2800 Call Center. +66 2229-2888
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Authorized Auditor

Miss Somjintana Polhirunrat
CPA Registration No. 5599
D I A International Audit Co., Ltd
316/32 Soi Sukumvit 22, Sukumvit Road,
Klongtoey District, Bangkok 10110
Tel. +66 2259-5300 Fax. +66 2260-1553

Overview of business

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:

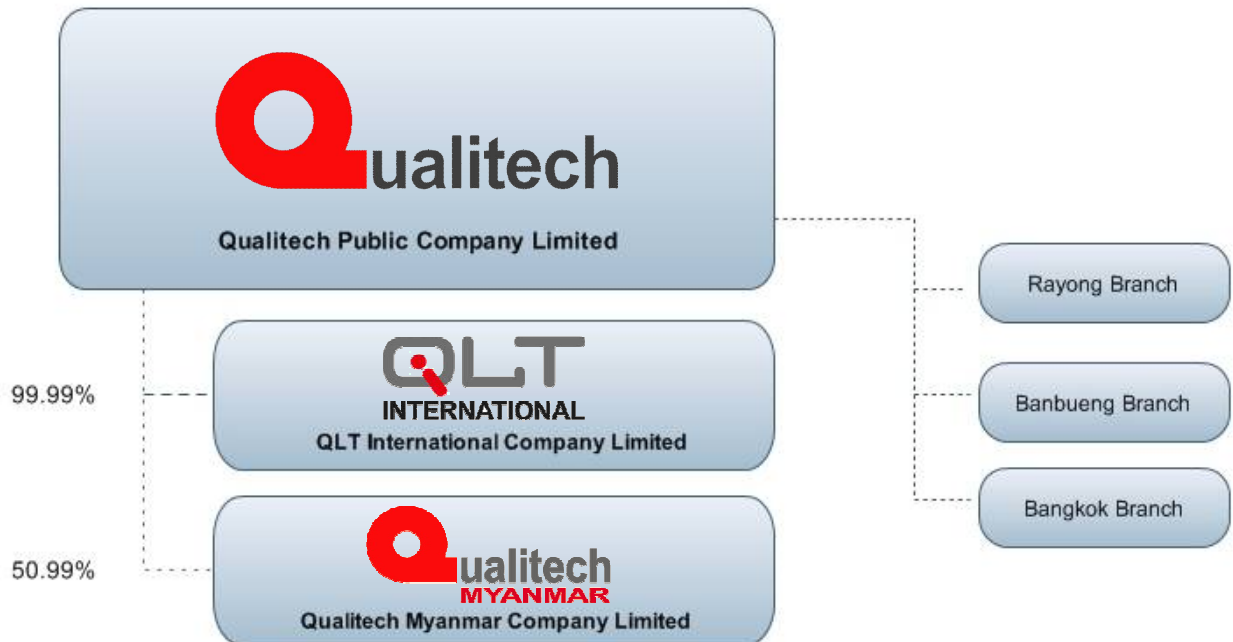
1. Non-Destructive Testing means the method of finding defects or malfunctions in the object without causing any damage to it.

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.

Sharehold Structure



Revenue Structure

Unit : Million Baht

Type of Work	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
Non - Destructive Testing	221.66	54.60	215.43	53.71	275.71	54.55
Inspection and Certification	180.28	44.10	181.57	45.26	225.18	44.55
Others	4.03	0.99	4.13	1.03	4.53	0.90
Total Revenue	405.97	100.00	401.13	100.00	505.42	100.00

1. Risk from collection of payments from contractor

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

Risk Prevention and Reduction

The Company has formulated a plan to mitigate the risk of default on payment in the future by carefully credit-assessing its clients. This is done through analysis of financial positions, assessing the sufficiency of registered capital 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.

Risk Prevention and Reduction

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. 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 serviceability of the sample tested by referring to the result of the non-destructive testing. Thus, there is a risk in case the sample certified by the Company caused damages and there was evidence of assessment errors. The Company might have to bear the responsibility for such damages.

Risk Prevention and Reduction

The Company has a third-party insurance against damages resulting from accident with liability coverage of 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. However, in the past, the company never evaluated mistake and that the company was never responsible for damage caused by work affirmation

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

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

Risk Prevention and Reduction

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.

Company Securities

The Company has a registered capital of 99 million baht as 99 million shares of common stocks, with a par value of 1 baht per share. It has common stocks which were issued and paid-up for 98.13 million baht, consisting of 98.13 million shares of common stocks.

Shareholding Structure

Rank	Name of Shareholders	December 31, 2014	
		No. of Shares	Percentage
1	Mr.Sannpat Rattakham Group ¹	22,305,560	22.73
2	Mr.Somchaan Lubtikultham Group ²	19,098,335	19.46
3	Sirichanthorndirok family ³	7,398,815	7.54
4	Lipithorn Family ⁴	6,910,620	7.05
5	Mr.Sumet Techachainiran Group ⁵	5,707,255	5.81
6	RBC INVERTOR SERVICES TRUST	5,648,100	5.76
7	Mrs.Kulchirapas Touchkulisadej	5,548,640	5.65
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,654,100	4.74
9	Ms.Wimol Saetiao	3,675,000	3.75
10	Ms.Rashaneewan Rawirach	1,680,000	1.71
Total top ten major shareholders		82,626,425	84.20
Total no. of shares		98,127,390	100.00

Remark:

¹ Mr.Sannpat Rattakham Group:

Name	No. of shares	% of paid-up shares capital
Mr.Sannpat Rattakham	17,840,000	18.18
Ms.Yanakorn Rattakham	4,410,000	4.49
Mrs.Maneerat Rattakham	35,910	0.04
Ms.Pranee Rattakham	19,650	0.02
Total	22,305,560	22.73

² Mr.Somchaan Lubtikultham Group:

Name	No. of shares	% of paid-up shares capital
Mr.Somchaan Lubtikultham	10,027,500	10.22
Ms.Monchaya Lubtikultham	4,660,835	4.75
Ms.Monsicha Lubikutham	4,410,000	4.49
Total	19,098,335	19.46

³ Sirichanthorndirok family:

Name	No. of shares	% of paid-up shares capital
Mr.Sutthisan Sirichanthorndirok	4,042,500	4.12
Mr.Yutthachai Sirichanthorndirok	3,356,315	3.42
Total	7,398,815	7.54

⁴ Lipithorn Family:

Name	No. of shares	% of paid-up shares capital
Mr.Thavatchai Lipithorn	3,824,220	3.90
Miss.Nuannapa Lipithorn	2,697,800	2.75
Miss.Kamolnan Lipithorn	388,600	0.40
Total	6,910,620	7.05

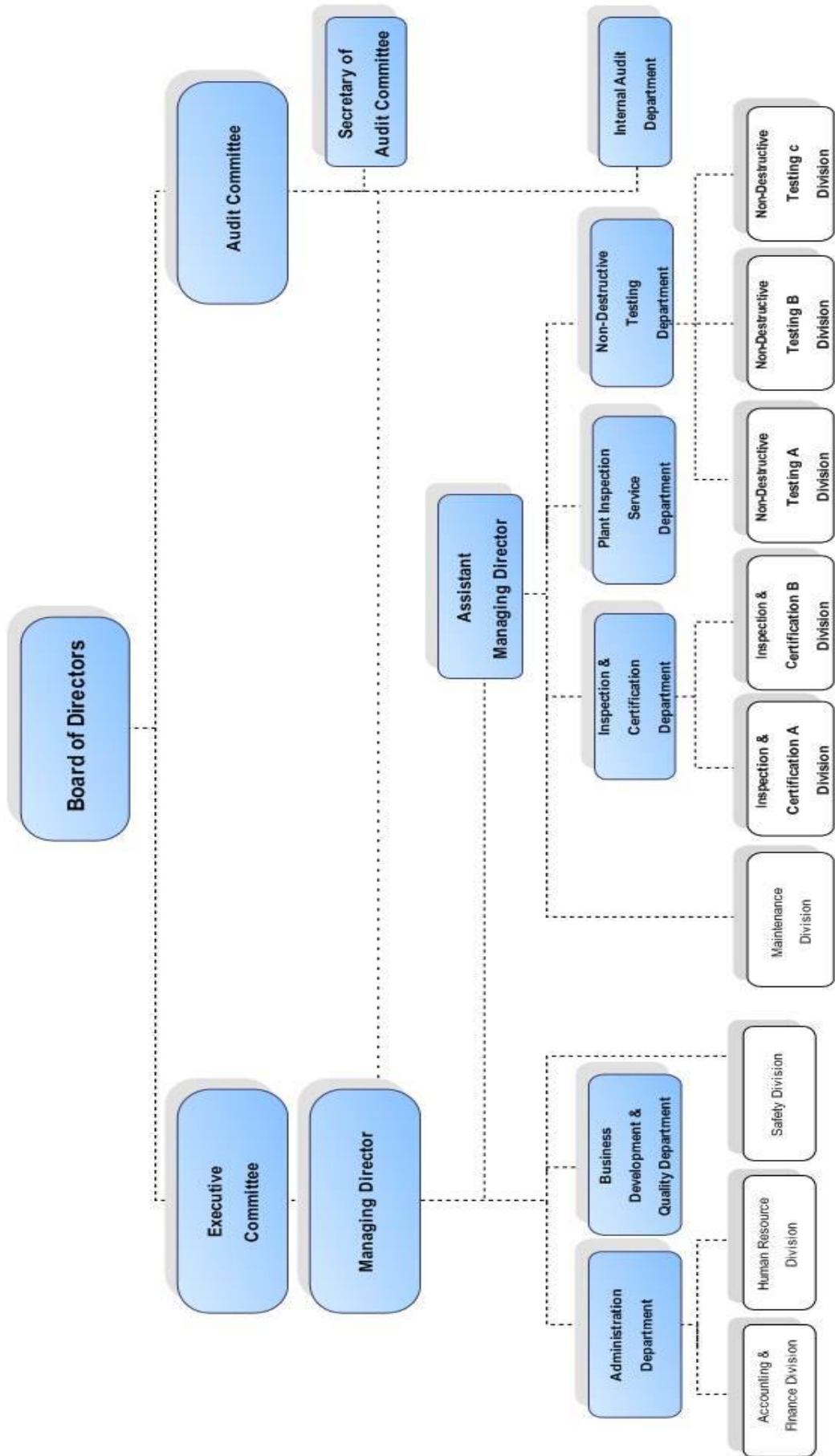
⁵ Mr.Sumet Techachainiran Group:

Name	No. of shares	% of paid-up shares capital
Mr.Sumet Techachainiran	4,822,755	4.91
Ms.Natcha Techachainiran	824,500	0.84
Ms.Veena Techachainiran	60,000	0.06
Total	5,707,255	5.81

Policy on Payment of Dividends

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

Qualitech Public Company Limited



Management Structure

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

Board of Director, 2014

Rank	Name	Position	Education Qualifications	Training on the functions and skills of director
1	Mr.Natee Boonparm	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.Sumet Techachainiran	Director	Master degree	DAP
6	Ms.Rashaneewan Rawirach	Director	Master degree	DAP
7	Mr.Somyos Chiamchirungkorn	Independent Director and Chairman of the Audit Committee	Master degree	DCP
8	Mr.Somchai Jongsirilerd	Independent Director and Member of the Audit Committee	Master degree	DAP
9	Mr.Tinakorn Seedasomboon	Independent Director and Member of the Audit Committee	Master degree	DAP,DCP,ACP

With Mrs.Maneerat Rattakham performs as the company's secretary

Authorized directors on behalf of the Company:

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

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

Term of office of directors:

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

Scope of duties and responsibilities of the Board of Directors:

The Board has the powers, duties and responsibilities in managing the Company in accordance with the laws, objectives and regulations of the Company. 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.Somchai Jongsirilerd as Member
3. Mr.Tinakorn Seedasomboon as Member of which have sufficient knowledge in accounting to review the reliability of the financial statement.

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

Term of office of audit committee member:

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

Qualifications:

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

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

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 3 members:

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

Terms of reference and responsibilities of the executive committee:

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

The main duties and responsibilities are as follows:

1. operate and manage the Company's operation according to the objectives, regulations, policies, rules, requirements, orders and decisions of the Board of Directors and/or the decisions of the shareholders' meeting;
2. consider determining policies, directions and strategies of the Company's operation; determining financial budgetary plans, human resources management, investment, business expansion, public relations according to the framework approved by the Board of Directors; and supervise the performance of appointed working group, ensuring that it meets the set goals;
3. consider annual budget allocation as proposed by the managing unit, before submitting to the Board of Directors for consideration and approval, including consider and approve the modification and addition of annual expense budget while there is no meeting of the Board of Directors and submit it to the Board of Directors for approval or confirmation at the next meeting;
4. approve payment of the Company for purchasing raw materials in its normal business within the 50 million baht limit (fifty million baht only);
5. approve payment of the Company for purchasing equipment and fixed assets for normal operation within the 20 million baht limit (twenty million baht only);
6. approve the Company's sale and provision of services in its normal business such as approval for sale of merchandise and conclusion of hire contract in its normal business, within the 150 million baht limit (one hundred and fifty million baht only);
7. approve opening/closing of all types of deposit accounts with banks or financial institutions, and determine the conditions for money withdrawal or legal transactions of that deposit account;
8. approve on decision to get a loan or line of credit, to issue debt securities, to get an overdraft or other type of loan from a bank or financial institution or ordinary person, in its normal business, within the 50 million baht limit (fifty million baht only), including asking the bank to issue a letter of guarantee for the benefit of the Company's operation, within the 150 million baht limit (one hundred and fifty million baht only);
9. approve on decision to mortgage or place as collateral the Company's assets for the purpose of guaranteeing existing or future debts of the Company, within the 20 million baht limit (twenty million baht only);
10. approve on decision to buy and sell investment units, open-end government bonds fund or money market fund by submitting to the Board of Directors for their information in the next meeting;

11. approve payment for major investment stipulated in the annual expense budget, as authorized by the Board of Directors or as the Board of Directors has approved in principle;
12. act as advisory committee for the management unit on policies concerning finance, marketing, personnel management and other operations;
13. determine the organizational structure and organizational management power, including appointment, hiring, dismissal, transfer, determining wages, remunerations and bonuses for employees and executives;
14. have the power to authorize one or several members of the Executive Committee or other person to perform certain acts, by being under the supervision of the Executive Committee; or authorize that person to have certain authorities within the period that the Executive Committee deems appropriate, which the Executive Committee may annul, revoke, modify or change the designation or the scope of authorization as it deems appropriate;
15. 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.

Terms of Reference and Responsibilities of the Managing Director

1. supervise operation and/or manage day-to-day work of the Company;
2. implement or carry out work in accordance with policy, plan and budget approved by the Board of Directors and/or Executive Committee of the Company;
3. act as an authorized person of the Company in managing Company's business to fully comply with objectives, articles of association, policies, regulations, rules, orders, decisions of shareholders' meeting and/or decisions of the Board of Directors and/or Executive Committee;
4. entrusted with power to authorize and/or designate any person to carry out specific task on his behalf. Such authorisation and/or designation shall be within the scope of the power entrusted and/or shall be in accordance with regulations, rules or orders stipulated by the Board of Directors and/or the Company;
5. regularly follow up and evaluate performance of the Company in order to reduce any risk of the Company caused by internal and external factors;
6. consider concluding contracts related to Company's business and other contracts benefiting Company's

business, including formulating procedures and methods for the conclusion of such contracts to be submitted before the Executive Committee and/or the Board of Directors;

7. approve payment of Company's purchase in its normal business, such as purchasing raw materials and purchasing tools, equipments or permanent assets used in its operation within the 10 million baht limit (ten million baht only);
8. approve Company's sale, provision of services in its normal business, such as approving the sale of merchandises and approving the conclusion of hire contracts in normal business within the 50 million baht limit (fifty million baht only);
9. consider the allocation of emoluments, rewarded money or other remunerations as approved by the Board of Directors to staff, employees of the Company or to persons conducting business for the Company;
10. authorized to hire, assign and appoint as well as transfer staff to different chain/division/department, or to dismiss, determine wages, remunerations, bonus, welfare relating to all staff of the Company except for senior executives;
11. authorized to issue order, regulation, notification and memorandum to ensure that work has been undertaken in line with Company's policy and for Company's benefits, and that regulations and disciplines of the organisation have been observed; and
12. perform other functions as assigned on a case-by-case basis by the Board of Directors/the Executive Committee.
13. authorized to act any related work that mentioned above until complete.

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.

Remuneration of Directors and Executives

Remuneration of directors

The Annual General Meeting of shareholders for the year 2014, held on April 9, 2014 has determined the remuneration of Directors and Audit Committee for meeting allowances are as follows:

Position	Meeting allowances
<i>Board of Director</i>	
Chairman	15,000 Baht/per time
Director	10,000 Baht/per time
<i>Audit Committee</i>	
Chairman of the Audit Committee	12,000 Baht/per time
Member of the Audit Committee	10,000 Baht/per time

The Bonus of Directors did not exceed 0.50 percent of total revenue in 2014 by the Board of Directors determining the amount to be paid to each director.

Attendance of the Meeting of Board of Directors in 2014

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

Directors' Remunerations in 2014

No.	Name of the Board of Directors	Meeting allowances	Bonus	Total
1	Mr.Natee Boonparm	75,000.00	309,278.00	384,278.00
2	Mr.Sannpat Rattakham	50,000.00	206,186.00	256,186.00
3	Mr.Somchaan Lubtikultham	50,000.00	206,186.00	256,186.00
4	Mrs.Maneerat Rattakham	50,000.00	206,186.00	256,186.00
5	Mr.Sumet Techachainiran	50,000.00	206,186.00	256,186.00
6	Ms.Rashaneewan Rawirach	50,000.00	206,186.00	256,186.00
7	Mr.Somyos Chiamchirungkorn	108,000.00	247,420.00	355,420.00
8	Mr.Tinakorn Seedasomboon	90,000.00	206,186.00	296,186.00
9	Mr.Somchai Jongsirilerd	90,000.00	206,186.00	296,186.00
Total		613,000.00	2,000,000.00	2,613,000.00

Directorial remuneration summary for 2013 and 2014

Remuneration	2013		2014	
	Person	Baht	Person	Person
Meeting allowances	10	516,000.00	9	613,000.00
Bonus	10	1,760,000.00	9	2,000,000.00
Total		2,276,000.00		2,613,000.00

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 totaling 25,396,527.99 baht in 2014.

(2) Other Remunerations

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

Duration of work	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

Personnel

Number of personnel as of 31 December 2014 in the company is 509 people with following details

Institute	Number of Personnel	
	2013	2014
1. Administration Department	16	16
2. Operation Department	419	443
3. Support Department	49	50
Total	484	509

Employee Return

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

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

Chapter 1 Shareholders' Rights

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

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

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

- The company facilitates shareholders who desire to accept annual report that they can contact via channels such as email, Telephone, fax and return envelope that the company will send by post immediately when shareholders request including prepare such report for them on the meeting date also.
- 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 authorize independent director or any person to attend the meeting as a proxy;
- The Company will record any important issue or opinion in the report of the meeting as a reference for the shareholders.

Chapter 2 Equal Treatment of Shareholders

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

- The company entitles shareholders of the company to trade securities they are holding freely
- The company entitles shareholders to accept share certificate and right of transfer
- The company entitles shareholders to accept sufficient and punctual information in forms suitable for decision
- The company gives a chance to minor shareholders to nominate a person to position as the committee in advance and proper time
- The company entitles shareholders to appoint and demote the committee
- The company entitles shareholders to agree with auditor appointment and audit fee specification
- The company entitles shareholders to receive profit share from the company in form of dividend
- The Board of Directors shall not include additional agendas of the meeting, which are unnecessary, without advance notice to the shareholders, particularly those important agenda that the shareholders need time to study information before making a decision;
- The Company does not permit the use of Company's data. Any agency holding Company's data is forbidden from disclosing such data to any unrelated agency or person. Disclosure or use of the data by the staff or executives for the benefit of their own or of other related person is considered as a serious wrongdoing and shall be subject to disciplinary punishment. In addition, the Company has a policy and method to scrutinise the directors and executives who use the data which is not yet disclosed to the public for their own benefit in buying or selling securities as stipulated in the topic: Supervision of Using of Internal Data;

- Directors and executives of the Company is shareholders shall disclose data relating to their own interest in each agenda so that shareholder meeting will be able to consider transaction that may have conflict of interests and to decide for the benefit of the Company as a whole. The directors and executives who have such personal interest shall not be permitted to vote in the relevant agenda of the meeting.

The company will compile the agenda information and published on the company's website at www.qualitechplc.com (click at investors relations > shareholder information > shareholders' meeting invitation letter) 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting.

Chapter 3 Role of Stakeholders

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

- Shareholders:** the Company is committed to operate its business at its best by using knowledge and management skills and by upholding the values of honesty and fairness 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.
- Public Society:** The Company will not take any actions that cause damages to society and foster social responsibility to employees in every level continually and seriously along with practice or control for serious action according to intention of law and regulations issued by governance institute including seeking opportunities to support

social creativity activity

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

Complaint or comment to the company through following channels;

- **website :** <http://www.qualitechplc.com/index.php/th/webboard>
- E-mail : info@qualitechplc.com
- Tel : 038-691408-10 Fax: 038-692028
- Mail to : 1. Ms.Kunlanit Sarapab, Administration Department Manager
2. Mrs.Wimol Saephung, Audit Committee's secretary
Qualitech Plc. 21/3 Banplong Road, Maptaphut, Muang, Rayong 21150.
- For employees can complaint or suggest an opinion to operation committee via internal email of the company.

Chapter 4 Disclosure of Data and Transparency

The Company places importance on disclosure of 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 Miss. Kunlanit Sarapab, Administration Department Manger to contact shareholders, analysts and other relevant people.

Chapter 5 Responsibility of the Board of Director

(1) Structure of the Board of Director

The Board of Directors consists of directors who are knowledgeable, competent and have experiences in business benefiting the Company. The Board of Directors is appointed by shareholders' meeting comprising 9 persons. Out of 9 persons, 4 persons are independent directors, 1 person is a Chairman of the directors, 3 persons are auditing directors, at least 1 of which must have sufficient knowledge in accounting to review the reliability of the financial statement. The Company requires that at least 1 out of 3 of all the directors, not less than 3 in total, must be independent director, acting on behalf of minority shareholders in examining and keeping the balance of business management of the Company to ensure soundness, fairness and maximum benefit of the shareholders. The directors are allowed to take a position of committee in other listed companies not exceed 3 companies.

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

(2) Subcommittees

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

- Executive Committee, not less than 3 persons, responsible for facilitating the management, with the terms of reference mandated by the Board of Directors;
- Audit Committee, not less than 3 persons, responsible for examining 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.

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

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

(3) Role, Duty and Responsibility of Directors

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

Policy for corporate Governance

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

Practices about Not Piracy

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

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

Anti-Corruption Policy

The company operates business by using competitive strategy fairly, transparently and holding good quality of service and always works corresponding to relevant law strictly under business value of “correctness, safety and quality priority”. So, the company realizes importance and determination of every form of anti-corruption and the company’s committee stipulates anti-corruption policy to declare intention of the company to insist corruption and have target for every employee in the organization along with the relevant to understand anti-corruption principles under the same policy.

Anti-corruption policy is specified that committees, executives and employees of the company, subsidiary and joint venture along with other enterprises that have power of regulation including people relevant to business’s operation to strictly practice, nevertheless, this policy is made in written to inform everybody.

Business ethic

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

Policy relating to conflict of interests

The Company sets a policy relating to conflict of interests on the basis that every member of staff shall perform their duty for the maximum benefit of the Company only. Any act or decision shall be without influence of

personal desire whether coming from family or relatives or other persons known personally. The policy is set to cover 2 issues:

- Related transactions: the Company will carefully consider the suitability of every related transaction before taking action, including price determination and conditions of the related transaction, as if it was dealing on the arm's length basis. The audit committee will consider the necessity and reasonableness of the transaction. When the Company or affiliated companies concluded related transaction and if such is the transaction stipulated in "Notification of the Security and Exchange Commission of Thailand Re: Disclosure of 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 reliability to the financial statement. The Company has internal audit unit which will evaluate risks and review internal audit annually. Mrs. Wimol Saephung, an internal auditor of the Company, is a secretary to the audit committee who will, at least every 3 months, present the result of the internal audit to the committee for its consideration.

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

(4) Meeting of the Board of Directors

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

(5) Remunerations

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

Remunerations of the Managing Director and senior executives are set to fit with the terms of reference in accordance with criteria and policy set by the Board of Directors for the maximum benefit of the Company. Level of the remunerations, being salary, bonus and long-term incentive will be relative to the result of the Company and the performance of executives individually.

(6) Professional Development knowledge of Directors 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.

Corporate Social Responsibilities : CSR

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

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

To be correspond with current situation and demand of investors, our company would like to present “Corporate Social Responsibilities” for the first time which is presented separately the detail of annual report this year to present determination of sustainable development in economy, society and environment in fiscal year on 31 December 2013 which refers to The Office of The Securities and Exchange Commission report principle. Beside, our company attempts to complete and revise Corporate Social Responsibilities contents yearly.

(1) Run business equitably and against corruption

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

- Company persists in rule of law in running business. Board of directors, executives and employees shall understand company’s regulations and relevant laws including in coming effective law which effects to administrator management and working principle. Boards of directors, executives and employees shall work strictly under company’s regulations and relevant law; beside avoid the action which may cause bad company’s reputation.
- Boards of directors, executives and employees may not seek for competitors’ trade secret or specific details by infringing data piracy or breaking an agreement not to reveal clients’ details or others.
- Company details are open for all concerned parties under the law, company’s regulations and also confidential clients’ details including provides sufficient details and actual supporting

documents accordance with to The Office of The Securities and Exchange Commission for all shareholders to estimate our company equivalently.

- In case of Boards of directors, executives or employees do something involve with company. Company will act as this action is between company and third party that the person has no authority for approval.
- Boards of directors, executives or employees do not accept bribes in term of money, benefits or objects from business partners if it is perceived that receivers have minded or special relationship with givers which may cause harm to company or interested person.
- Boards of directors, executives or employees shall honestly work without prejudice and do not use their authority and function seeking to own benefits or others.
- Boards of directors, executives or employees shall fully support to gain patent, copyright and protect company's trademark which is intellectual property and also not to piracy competitors' intellectual property.
- Boards of directors, executives or employees shall maintain impartiality and not discriminate term of employment such as recruitment, reward and benefit consideration, job promotion, job transfer, work performance evaluation, job training, following regulation, employee termination, recruitment and participate community events.

(2) Respect human rights and Labor practices

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

Employment

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

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

According to conducting inspection services at Site area where clients appointed, it is difficult to specific certain

working date and time. Therefore, the operator shall work under clients' agreement. Due to flexible working date and time, company has provided suitably work reward for the operators.

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

Reward and benefit management

Company has obvious reward and benefit regulations for employee by specified in Standing Instruction which is constantly revised. Company has payment policy for employees in term of monthly salary, work reward, direct position, overtime, specific certificate etc. Moreover company provides other benefits for example provident fund, health insurance, loaning fund, supporting money in case of employees get married/give birth/funeral, education fund, uniform, shuttle bus, medical check-up etc. Company also set up welfare committee which consists of representative of employer and employee to discuss this matter.

Personnel development

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

- Arrange various orientations in basis company information, company's scope of works, working regulations, safety induction, that also including business morality and company's value.
- Organize technical training such as Ultrasonic Test, Magnetic Particle Test, Penetrant Test, Work in confined space, Radiation Safety, etc to develop operators' specific technique skills to perform job properly and skillfully.
- Arrange supporting course for management's skill such as Team Leader Skill, Team building, Effective Writing, ISO Course and Basic Computer etc.
- Conduct general trainings such as safety driving technique, basis first aid and rescues, fire evacuation, danger of drugs, money saving and management for retirement etc.

- Encourage employees to plan their career path and also update Job Description in year 2013 to be the guideline for year 2014.
- Annually schedule for training plan with proper budgeting in advance for effective trainings. In 2014, the company organized internal training and delivered personnel to train with outside training institutions for 29 curriculums covering all employees in every department. Follow up employees after training to ensure that they fully understand contents from training course. Issue certificates and appoint for the re-certificate period.

Happy Organization Promotion Activity

Apart from developing knowledge and capacity of employees, the company also emphasizes on promoting employees to have love and harmony with good organizational culture. Employees have happiness in work and have a chance to participate in activity beneficial to community, society and environment along with conscious to have public mind. The company supports arranging various annual activities by using principles of Happy 8 as guidelines to organize activities to promote employees and the organization to be Happy Workplace. Annually arranged activities include New Year Party, Sport day, Water-Pouring Ceremony in Songkran Day and annual making merit.

Besides, the company arranges the meeting between executives and employees to perceive trend of operation and overall operation of the company by organizing in every 6 months giving a chance to employees to suggest or give opinions so that the company will improve and develop and it is communication between 2 parties

Occupational Health, Safety and Environment of Work

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

The company strictly follows the regulation by having Committee of Safety, Occupational Health and Work Environment along with professional safety staffs to operate, control, monitor situations of safety, occupational health and work environment of the company to be corresponding to policy and work plan including promoting employees to realize precedence of building up safety and complying with policy of safety, occupational health and work environment in 2014 as follows

- Making a preventive plan and risk reduction plan to face danger from operation or hazards in many areas in the company along with improving environment to be safe and checking equipment and tools
- Promulgating knowledge, law and regulations of safety, occupational health and other relevant laws such as labor law, transportation law, regulations of Ministry of Industry etc. including informing amended law through electronic mail and billboard of the company so that employees can search for information as benefit to them to promote self-safety

- Apart from basic knowledge of safety, occupational health management system and safety of every employee. The company also educates the employees to prevent accidents regularly with training, publication on board and electronic mail that supports not only safety in work but also safety in routine life such as driving safely and work tools usage etc.
- Setting up safety committee of the company by arranging a meeting to create safety policy with monthly follow-up

Human rights and employees parity

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

(3) Services responsibilities

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

(4) Environment conservation

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

(5) Social Community and Environment Responsibility

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

In year 2014, we have supported communities' events as details below;

- Publicizing to every employee to donate table calendar for making Braille Card, and instruction media for Bangkok Blind School by gathering and delivering calendars to Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen

- Publicizing to every employee to donate electronics waste such as computer gadget, mobile phone and other electronics appliance that are damaged to be recycled and distributed to support the disabled by gathering and delivering to International Association of Persons with Physical Disability
- The company supported waste bank project by categorizing waste before dump to reduce problems of global warming by separating reused waste for right demolition.
- Destroying chemicals for environment
- Changing air-conditioners to save energy
- The company organized campaign for employees to take care of environment save energy and use resources worthily.
- Supporting scholarship for employees' children
- Arranging Children's Day Activity to Chuenarom Community, Nong Sak Sub-district, Chonburi
- Participating in activities of Ban Plong Community, Mabtaput, Rayong to dredge up canals and beautify landscape as Environment Day
- Participating in activities with Ban Plong Community, Mabtaput, Rayong to clean up roads and neighboring community as Mother's Day
- Donating bicycles for benefit of the community by giving to Nong Kham Sub-district Administration Organization in Chonburi
- Publicizing to employees to contribute money for AIDS patients and orphans at Wat Phrabat Numpu, Lopburi
- Publicizing to employees to contribute money for buying tables, chairs and stationery for Kong Mong Ta School, Sangklaburi, Kanchanaburi
- The company arranged activity and donated things to support operation of Foundation of AIDS Patient and Orphan at Camillian Center, Social Center, Rayong
- The company gave a chance to students to be internship to develop knowledge and capacity for further career
- The company allocated personnel with technical experiences to be a speaker transmitting knowledge to teacher team of Technical College in Northeastern Region
- Participating in activity with Ban Plong Community, Mabtaput, Rayong to succeed to Loy Kratong Festival
- Supporting activity of Buffalo Running Contest in Chonburi in 2014 to preserve cultures and tradition inherited until present.
- Donating stuffs to support charity works of Provincial Red Cross in Chonburi

- Participating in activity with Ban Plong Community, Mabtaput, Rayong to inherit Songkran Festival
- Donating money to assist and support disabled artists who draw with month or foot by bringing their works to produce as blessing card, table calendar and bookmark.
- Contributing money for Material Checker Club by organizing Practical Seminar of material check and instruction media development.

(6) Continuous development for sustainable organization

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

1 Sufficiency of Internal Control System

At the meeting of the Board of Directors of public company limited no. 1/2014 on 13 February 2014, 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 authorized by law to inspect within reasonable time.

DIA, an audit firm of the Company, has examined the internal system in the year 2013 and found no important issue.

2 Policy on Procedures of Internal Audit

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

Related transactions of the Company with persons who may be in conflict of interests that arose in the year 2014 are as follows:

(1) Cross-Transaction of Qualitech Public Company limited

Person/corporate with Conflict	Relation	Transaction Trait and Value	Necessity and Reasonability	Opinion of Audit Committee
Mrs. Montachaiyaban	Spouse of committee and shareholder which is Khun Somchai Laptikulatham	The company rented 4-storey commercial building No 50 Soi Pattanakarn 57 by renting only 3 rd floor with utility space of 93.75 Square Meter as the workplace of the company in Bangkok from June 2008 with rental rate of 8,500 Baht/month and total rental was 2014 : 0.000 Million Baht 2013 : 0.008 Million Baht Land and Office Purchase 2014 : 0.00 Million Baht 2013 : 7.50 Million Baht	Such transaction is to rent office for transaction facilitation in Bangkok The company has purchased land and office building with cost of 7.50 million Baht which is higher than estimated price for 1.50 million Baht as it could be saved for not relocating office and renovation	Audit Committee had opinions that such transaction was suitable with fair price estimated by the independent evaluator Audit Committee has considered that such transaction was proper and necessary
Mr. Sumate Techachaini run	Committee and shareholder of the company	Mr. Sumate made guarantee agreement for car hire-purchase with the company 2014 : 3.24 Million Baht 2013 : 0.00 Million Baht	Mr. Sumate has guaranteed personally for the company without any returns	Audit Committee has examined and had opinions that such transaction was reasonable and it brought benefit to the company as the guarantor did not receive any returns.

Person/corporate with Conflict	Relation	Transaction Trait and Value	Necessity and Reasonability	Opinion of Audit Committee
QLT International Company Limited	It is subsidiary and the company holds share of 99.99% and some executives and committees share shareholding 1.Mr. Sanpat Rattakham 2.Mr. Sumate Techachainirun 3. Mr. Somchan Laptikulatham	Income Wage, building and furniture rental, asset sale, Management fee, uniform cost 2014: 1.12 Million Baht 2013 : 0.17 Million Baht Expenditure Wage, Consumable, Asset Purchase 2014 : 26.38 Million Baht 2013 : 8.13 Million Baht	Wage was employment list and its value is equivalent to employment of other companies Building and furniture rental is equivalent to market price Management Fee is normal operation payment that is beneficial to operation of the company Asset trade is trading with net balanced value Purchasing Consumable is price equivalent to market price	Audit Committee has examined and recognized that such transaction was between the company and subsidiary by the company holds shares for 99.99% and such transaction followed normal trade guideline and it was beneficial to operations of the company
Qualitech Myanmar Company Limited	The company holds share for 50.99 % and committee and executives mutually hold shares	Income Wage, management fee, travel expense and accommodation cost 2014 : 1.495 Million Baht 2013 : 0.001 Million Baht	Wage is employee list and its value is equivalent to employment of other companies Management Fee is normal operation cost and it is beneficial to the company's operations	Audit company has examined and considered that such transaction was trading transaction of normal operation

Person/corporate with Conflict	Relation	Transaction Trait and Value	Necessity and Reasonability	Opinion of Audit Committee
		<u>Expenditure</u> Travel expense, accommodation fee and employment fee 2014 : 0.31 Million Baht 2013 : 0.48 Million Baht <u>Short-term Loan</u> 2014 : 1.00 Million Baht 2013 : 0.00 Million Baht	Travel Expense, accommodation fee are reserved to subsidiary and to be returned to the company later Financial contribution to subsidiary as current capital in business will be calculating cross-interest rate according to minimum loan rate of Krungthai Bank Public Company Limited	Audit committee had opinion that such transaction was normal to subsidiary and it did not affect benefit of the company and it was reasonable

(2) Cross-Transaction of Qualitech Myanmar Company Limited

Person/corporate with Conflict	Relation	Transaction Trait and Value	Necessity and Reasonability	Opinion of Audit Committee
Parami Energy Service Co., Ltd.	Committee and shareholders of Parami are shareholders of Qualitech Myanmar Company limited for 49.01%		Product sale is sale price equivalent to market price sold to other customers Employment fee is equivalent to other business	Audit committee had opinions that such transaction was beneficial to operations of the company and the agreed price was reasonable

Person/corporate with Conflict	Relation	Transaction Trait and Value	Necessity and Reasonability	Opinion of Audit Committee
		<u>Short-term loan</u> 2014 : 0.50 Million Baht 2013 : 0.00 Million Baht	Workplace rental is necessary to be operational area and storage of tools and equipment to be operated in Myanmar Travel expense, accommodation fee are reserved and to be returned later Asking for financial contribution from Parami as current capital in business by calculating cross- interest rate according to minimum loan rate of Krungthai Bank Public Company Limited	Audit Committee had opinion that such transaction was normal to subsidiary and it did not affect benefit of the company

12.1 Measures or Procedures for Approval of Related Transactions

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

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

12.2 Future Trend of Related Transactions

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

Financial Status and Result of the Operation

Tables of Qualitech Public Company Limited's Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 to 2014

Unit: Thousand Baht

Result of the Operation	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
Total income	405,973.16	100.00	401,134.07	100.00	505,419.79	100.00
Service income	401,936.27	99.01	397,005.27	98.97	500,892.64	99.10
Cost of services	259,964.00	64.03	265,312.92	66.14	336,954.61	66.67
Gross Profit	141,972.27	35.32*	131,692.35	33.17*	163,938.03	32.73*
Other income	4,036.89	0.99	4,128.80	1.03	4,527.15	0.90
Profit before expenses	146,009.16	35.97	135,821.15	33.86	168,465.18	33.33
Administrative expenses	28,644.42	7.06	30,256.51	7.54	31,541.45	6.24
Directors' remuneration	2,247.40	0.55	2,272.75	0.57	2,613.00	0.52
Management benefit expenses	16,541.74	4.07	17,146.99	4.27	25,396.53	5.02
Total expenses	47,433.56	11.68	49,676.25	12.38	59,550.98	11.78
Profit before finance costs and income tax	98,575.56	24.28	86,144.90	21.48	108,914.20	21.55
Finance costs	319.80	0.08	438.43	0.11	394.00	0.08
Profit before income tax	98,255.76	24.20	85,706.47	21.37	108,520.20	21.47
Income tax	3,561.11	0.88	2,559.65	0.64	3,463.36	0.69
Net Profit	94,694.65	23.33	83,146.82	20.73	105,056.84	20.79
Basic earnings per share (Baht)	0.99		0.87		1.08	
Diluted earnings per share (Baht)	0.98		0.86		1.08	
Book value per share (Baht)	3.27		3.51		3.91	
Par value (Baht)	1.00		1.00		1.00	

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

STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012 to 2014

Unit : Thousand Baht

Financial Status	December 31, 2012		December 31, 2013		December 31, 2014	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	21,987.98	5.53	38,744.38	9.00	28,027.96	5.56
Current investment	104,035.99	26.15	75,180.96	17.46	87,815.67	17.42
Trade and other receivables	83,011.94	20.86	66,048.17	15.34	118,019.54	23.42
Unbilled services income	63,146.77	15.87	91,819.56	21.32	78,072.15	15.49
Inventories	5,150.75	1.29	9,048.48	2.10	9,210.31	1.83
Total current assets	277,333.43	69.70	280,841.55	65.22	321,145.63	63.72
Non-current assets						
Pledged bank deposit	9,500.00	2.39	13,958.08	3.24	19,203.65	3.81
Property, plant and equipment-net	106,733.53	26.82	130,295.54	30.26	156,131.16	30.98
Income tax deducted at source	4,057.87	1.02	4,548.81	1.06	6,614.37	1.31
Others non-current assets	290.42	0.07	934.53	0.22	882.26	0.18
Total non-current assets	120,581.82	30.30	149,736.96	34.78	182,831.44	36.28
Total assets	397,915.25	100.00	430,578.51	100.00	503,977.07	100.00

STATEMENTS OF FINANCIAL POSITION (Cont.)

AS AT DECEMBER 31, 2012 to 2014

Unit : Thousand Baht

Financial Status	December 31, 2012		December 31, 2013		December 31, 2014	
	Amount	%	Amount		Amount	%
Liabilities						
Current liabilities						
Trade and other payable	42,461.57	10.67	51,527.28	11.97	64,023.77	12.70
Current portion of long - term liabilities	2,379.77	0.60	3,289.37	0.76	3,731.71	0.74
Short - term loans	-	-	-	-	500.00	0.10
Accrued income tax	324.91	0.08	506.29	0.12	697.20	0.14
Total current liabilities	45,166.25	11.35	55,322.94	12.85	68,952.68	13.68
Non-current liabilities						
Financial lease liabilities	4,558.16	1.15	4,698.36	1.09	4,258.38	0.84
Employee benefits obligation	8,888.17	2.23	10,089.27	2.34	12,793.31	2.54
Total non-current liabilities	13,446.33	3.38	14,787.63	3.43	17,051.69	3.38
Total liabilities	58,612.58	14.73	70,110.57	16.28	86,004.37	17.07
Shareholders' equity						
Authorized share capital	99,000.00	24.88	99,000.00	22.99	99,000.00	19.64
Issued and paid-up share capital	95,089.54	23.90	96,577.28	22.43	98,127.39	19.47
Premium on share capital	59,344.27	14.91	67,852.86	15.76	76,718.06	15.22
Equity-settled share-based payment reserve	699.47	0.18	501.90	0.12	671.64	0.13
Appropriated-legal reserve	10,000.00	2.51	10,000.00	2.32	10,000.00	1.98
Unappropriated	172,153.36	43.26	183,878.01	42.70	230,639.45	45.76
Total owners of the Company	337,286.63	84.76	358,810.05	83.33	416,156.54	82.57
Non-controlling interests	2,016.04	0.51	1,657.89	0.39	1,816.16	0.36
Total shareholders' equity	339,302.67	85.27	360,467.94	83.72	417,972.70	82.93
Total liabilities and shareholders' equity	397,915.25	100.00	430,578.51	100.00	503,977.07	100.00

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 to 2014

Unit : Baht

List	2012	2013	2014
Cash flows from operating activities			
Profit before income tax	98,255,763.83	85,706,464.66	108,520,204.89
Adjustments			
Unrealized gain on changes in investment valuation	-	(918,460.49)	(384,218.44)
Doubtful accounts	9,361.56	761,091.34	369,313.50
(Increase) Decrease in Unbilled services income	(3,330,648.27)	(28,672,789.97)	13,747,406.09
Depreciation	19,582,568.23	18,485,956.56	27,230,993.70
Loss on disposal of fixed assets	63,884.51	458,089.26	19,359.22
Loss on impairment of assets	5,708.52	18,136.04	-
Reverse of loss on impairment of assets	-	-	(10,323.32)
Write off income tax deducted at source	60,207.82	39,618.44	-
Unrealized loss on exchange rate	33,507.67	-	-
Employee benefits	3,283,754.00	2,489,935.00	4,422,499.02
Interest expenses	319,809.31	428,710.82	393,999.54
	118,283,917.18	78,796,751.66	154,309,234.20
(Increase) Decrease in portion of operating assets			
Trade and other receivables	(12,573,295.78)	16,202,683.25	(52,340,683.14)
Inventories	768,256.87	(3,897,732.72)	(161,828.78)
Other non-current assets	618,919.10	(662,243.04)	62,591.32
Increase (Decrease) in portion of operating liabilities			
Trade and other payable	(1,012,233.23)	6,004,155.08	15,869,874.82
Cash generated (paid) from operation	106,085,564.14	96,443,614.23	117,739,188.42
Interest paid	(319,809.31)	(428,710.82)	(393,999.54)
Income tax received (paid)	(3,294,740.22)	(2,908,825.95)	(5,338,018.49)
Net cash provided by (used in) operating activities	102,471,014.61	93,106,077.46	112,007,170.39

STATEMENTS OF CASH FLOWS (Cont.)
FOR THE YEARS ENDED DECEMBER 31, 2012 to 2014

Unit : Baht

List	2012	2013	2014
Cash flows from investing activities			
Decrease (Increase) in current investment	(7,561,310.97)	29,773,491.70	(12,250,483.84)
Increase in pledged bank deposit	(6,500,000.00)	(4,458,077.02)	(5,245,574.47)
Proceeds from sales of fixed assets	1,019,312.62	1,394,127.55	1,235,123.74
Payments for fixed assets acquisition	(39,311,816.71)	(36,474,133.67)	(53,737,484.36)
Net cash provided by (used in) investing activities	(52,353,815.06)	(9,764,591.44)	(69,998,418.93)
Cash flows from financing activities			
Increase in short-term loans	-	-	500,000.00
Decrease in financial lease agreement	(2,592,684.38)	(3,314,692.98)	(3,954,639.95)
Dividend paid	(45,899,927.00)	(71,780,388.75)	(58,137,291.00)
Proceeds from exercised of warrants to purchase ordinary shares	3,374,228.00	8,509,930.00	8,866,600.60
Proceeds for non-controlling interest	735,225.00	75.00	150.00
Net cash provided by (used in) financing activities	(44,383,158.38)	(66,585,076.73)	(52,725,180.35)
Net increase (decrease) in cash and cash equivalents	5,734,041.17	16,756,409.29	(10,716,428.89)
Cash and cash equivalents as at January 1	16,253,934.59	21,987,975.76	38,744,385.05
Cash and cash equivalents as at December 31	21,987,975.76	38,744,385.05	28,027,956.16

Operations Results of Qualitech Public Company Limited and Subsidiary Company

Operation Summary

In 2014, financial budget of Qualitech Public Company Limited showed that the company had income of 505.42 million Baht increasing from 104.29 million Baht or about 26.00 % as a result of in come from non-destructive testing and income from increasing inspection and certification while profit of major company is 104.90 million baht increasing from 21.39 million Baht or 25.62% compared to 2013

Income

The company has total income for 505.42 million Baht increasing from 2013 for 104.29 million Baht or 26.00% compared to 2013 that had total income of 401.13 million Baht as a result of non-destructive testing and increasing inspection and certification

Income structure	2014		2013		%
	Million		Million		
	Baht	%	Baht	%	
Non-destructive Testing	275.71	54.55%	215.43	53.71%	27.98%
Inspection and Certification	225.18	44.55%	181.57	45.26%	24.02%
Others	4.53	0.90%	4.13	1.03%	9.69%
Total	505.42	100.00%	401.13	100.00%	26.00%

Service Capital

In 2014, the company had capital from service of 336.95 million baht increasing for 71.64 million Baht or 27.00 % compared to 2013. Majority of capital came from personnel such as wage restructure, welfares along with potential development for employees so that the company can retain old personnel and recruited new employees with quality and competitiveness in labor market along with hiring more specialists.

Capital proportion in 2014 was 67.27 % of service income and gross profit margin was 32.73% decreasing from 2013 that had gross profit margin of 33.17 %. Decrease of gross profit margin was caused by increasing service capital compared to 2013

Management Expense

Management Expense in 2014 was 59.55 million baht increasing for 9.87 million Baht or 19.88% compared to the fact that the company had increasing expense related to employees such as wage, welfare and promoting potential development for supportive personnel

The company had net profit belonging to Holding Company for 104.90 million Baht increasing for 21.39 million Baht or 25.62% compared to 2013

Ratio of Profitability

Consolidated Financial Statement	2014	2013
Gross Profit Margin	32.73%	33.17%
Profit rate from operation	21.74%	21.70%
Net Profit Rate	20.94%	20.94%
Return Rate for Shareholder	26.95%	23.76%

Financial Status

Consolidated Financial Statement	2014		2013		% Change
	Million		Million		
	Baht	%	Baht	%	
Asset	503.98	100.00%	430.58	100.00%	17.05%
Liability	86.00	17.06%	70.11	16.28%	22.66%
Shareholder's Equity	417.98	82.94%	360.47	83.72%	15.95%

Asset

The company had total asset as of 31 December 2014 for 503.98 Million Baht consisting of current asset for 321.15 million Baht and non-current asset for 182.83 million Baht. Total asset increases for 73.40 million Baht or 17.05% compared to 2013 with total asset of 430.58 million Baht. The change was the result of the fact that the company had more account receivable and other debtors because the company had increasing service income and land along with buildings and equipment due to investment in machinery sufficient to service and it was investment that the company can have tax benefit from Board of Investment continually.

Account Receivable

In 2014, the company had account receivables for 118.02 million Baht increasing from 2013 by having average collection for 71 days and in 2013 the average collection was 81 days. The company had policy about term of payment for at least 30 days and the company would consider term of payment from previous turnover, purchase order and payment history in the past. For policy allowance for doubtful account, the company would consider from outstanding amount of debtors with settlement duration more than 90 days without movement by using allowance for doubtful account from the outstanding amount for 91-180 days, allowance is 10%, accrued for 181-270 days,

allowance is 30% and accrued for 270-365 days, allowance is 50% and accrued over 365 days, the allowance would be 100% from outstanding amount. In 2014, the company had increasing allowance for doubtful account from account receivable for 0.37 million Baht from 2013 and allowance for doubtful account increased for 0.76 million Baht

Land, Building and instrument- Net

Net land, Building and instrument for 2014 were 156.13 million Baht increasing from 2013 for 25.84 million Baht. The main cause was because investment in machinery to be sufficient for service and it was investment for the company to gain tax benefit from Board of Investment continually

Liability

As of 31 December 2014, the company had total liability for 86.00 million Baht increasing from the end of year 2013 for 15.89 million Baht or about 22.67%. It was increase of current liability for 13.63 Million Baht or 24.64% and increase of non-current liability for 2.26 million Baht or 15.28%. The main cause was the fact that in 4th quarter, there was product order and employment that has not been due and that as of 31 December 2014; the company had increasing account receivables and other debtors

Shareholder's Equity

The company had total shareholder's equity as of 31 December 2014 for 417.97 million Baht increasing from the end of 2013 for 57.50 million Baht or 15.95%. The company had increasing retained earnings for 46.76 million Baht from the turnover of the company in 2014 for 230.64 million Baht. Moreover, the company had ordinary share surplus for 8.87 million Baht from issuing ordinary share certificate of the company to executives or employees.

In 2014, the company had ratio between liability and shareholder's equity of 0.22 times increasing from 2013 that had ratio between liability and shareholder's equity of 0.20 time due to the fact that equity's share increased for 57.50 million Baht from retained earnings with increasing liability of 15.89 million Baht

Liquidity

Cash Flow	2014	2013
Net Cash gained from operations	112.01	93.11
Net Cash gained from Investment Activity	(70.00)	(9.76)
Net Cash gained from Financial Provision	(52.73)	(66.59)
Net Cash and Equivalent Increased (Decrease)	(10.72)	16.76
Cash and Equivalent of End Installment	28.03	38.74

The company had net cash from operations for 112.01 million Baht with operational profit before asset and liability change in amount of 108.52 million Baht. Changes of Asset and liability from operation were due to increasing account receivable and other debtors for 52.34 million Baht, inventories increased for 0.16 million Baht, account receivable and other debtors decreased for 15.87 million Baht. Service value that has not been charged

decreased for 13.75 million Baht, depreciation increased for 27.23 million Baht, employee's benefit for 4.42 million Baht and income tax in amount of 5.34 million Baht

Cash Flow from Investment for 70.00 million Baht was expenditure to purchase fixed asset and temporary investment

Cash Flow for financial provision in amount of 52.73 million Baht was caused by payment in lease agreement for 3.95 million Baht and dividend of 58.14 million Baht

The company had balanced cash and equivalent as of 31 December 2014 for 28.03 million Baht decreasing for 10.71 million Baht when compared to as of 31 December 2013

Liquidity Ratio

	2014	2013
Liquidity Ratio (time)	4.52	4.91
Account Receivable Current Ratio (time)	5.18	4.53
Average Liability Charge Duration (day)	71	81
Account Payable Current Ratio (time)	8.11	9.99
Average Settlement Duration (day)	45	37

The company had liquidity ratio in 2014 for 4.52 times decreasing for 0.39 time from 2013 because it had decreasing asset from cash and equivalent report while current liability increased

The company had average liability charge duration in 2014 for 71 days decreasing for 10 days compared to 2013 as the company provided more services and settled in due and average settlement duration in 2014 was 45 days increasing for 8 days compared to 2013 due to the fact that majority of ordered products was waste materials that had quite long settlement.

AUDITOR'S REPORT

To The Shareholders of
Qualitech Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Qualitech Public Company Limited and subsidiaries and of Qualitech Public Company Limited, which comprise consolidated and separate statements of financial position as at December 31, 2014, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with standards on auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Qualitech Public Company Limited and subsidiaries and of Qualitech Public Company Limited as at December 31, 2014, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards.

D I A International Audit Co., Ltd.



(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

February 14, 2015

To shareholders of Qualitech Public Company Limited

Company's committees are responsible for financial budget of Qualitech Public Company Limited and subsidiary that are made according to standard of financial report by considering suitable accounting policy that is regularly practiced and using discretion circumspectly along with reasonable report for making financial budget as well as revealing information sufficiently and transparently in notes of financial budget as the report of the auditor to be beneficial to shareholders and general investors

Company's committee has provided good corporate governance and retained risk management and internal control system to ensure that accounting record is correct, complete, punctual and sufficient to retain assets as well as prevented corruption or significantly abnormal transactions

Company's Committee had opinions that internal control and audit system of the company can ensure that consolidated financial statement of Qualitech Public Company Limited and subsidiary ending on 31 December 2014 showed financial status, overall operation and cash flow correctly as in material matter according to financial report standard and that the auditor (company) has audited and given opinions in auditor report as shown in annual report of this year.



Mr. Natee Boonparm

Chairman of the Board of Directors



Mr. Sannpat Rattakham

Managing Director

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

Assets	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2014	2013	2014	2013
Current assets					
Cash and cash equivalents	5	28,027,956.16	38,744,385.05	24,932,077.88	33,309,761.23
Current investment	6	87,815,665.78	75,180,963.50	81,793,637.19	75,180,963.50
Trade and other receivables	7	118,019,538.81	66,048,169.17	113,275,136.46	65,100,635.24
Unbilled services income		78,072,154.03	91,819,560.12	76,063,737.21	91,869,896.86
Short-term loans		0.00	0.00	1,000,000.00	0.00
Inventories		9,210,307.66	9,048,478.88	7,693,600.11	8,090,974.23
Total current assets		321,145,622.44	280,841,556.72	304,758,188.85	273,552,231.06
Non-current assets					
Investment in subsidiaries	8	0.00	0.00	6,019,400.00	3,519,550.00
Pledged bank deposits	9	19,203,651.49	13,958,077.02	19,203,651.49	13,958,077.02
Property, plant and equipment	10	156,131,162.57	130,295,541.24	154,465,326.00	128,799,971.78
Income tax deducted at source		6,614,374.52	4,548,807.91	6,593,185.77	4,538,223.20
Others non-current assets	11	882,262.92	934,530.92	882,262.92	934,530.92
Total non-current assets		182,831,451.50	149,736,957.09	187,163,826.18	151,750,352.92
Total assets		503,977,073.94	430,578,513.81	491,922,015.03	425,302,583.98

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2014

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2014	2013	2014	2013
Current liabilities					
Trade and other payables	12	64,023,769.60	51,527,281.15	67,434,502.13	52,897,011.95
Current portion of long-term liabilities	13	3,731,710.71	3,289,373.24	3,587,008.64	3,151,524.79
Short-term loans		500,000.00	0.00	0.00	0.00
Accrued income tax		697,198.57	506,289.42	0.00	0.00
Total current liabilities		68,952,678.88	55,322,943.81	71,021,510.77	56,048,536.74
Non-current liabilities					
Financial lease liabilities	13	4,258,378.91	4,698,356.33	4,000,616.91	4,295,887.77
Employee benefit obligations		12,793,318.02	10,089,271.00	12,757,950.00	10,089,271.00
Total non-current liabilities		17,051,696.93	14,787,627.33	16,758,566.91	14,385,158.77
Total liabilities		86,004,375.81	70,110,571.14	87,780,077.68	70,433,695.51
Shareholders' equity					
Share capital					
Authorized share capital	14				
99,000,000 common shares of					
Baht 1 each		99,000,000.00	99,000,000.00	99,000,000.00	99,000,000.00
Issued and paid-up share capital	14				
98,127,390 common shares of					
Baht 1 each		98,127,390.00		98,127,390.00	
96,577,285 common shares of					
Baht 1 each			96,577,285.00		96,577,285.00
Premium on share capital		76,718,065.03	67,852,859.52	76,718,065.03	67,852,859.52
Equity-settled share-based payment reserve		671,639.97	501,897.88	671,639.97	501,897.88
Retained earnings					
Appropriated - legal reserve	15	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Unappropriated	16	230,639,446.79	183,878,010.51	218,624,842.35	179,936,846.07
Total owners of the Company		416,156,541.79	358,810,052.91	404,141,937.35	354,868,888.47
Non-controlling interests		1,816,156.34	1,657,889.76	0.00	0.00
Total shareholders' equity		417,972,698.13	360,467,942.67	404,141,937.35	354,868,888.47
Total liabilities and shareholders' equity		503,977,073.94	430,578,513.81	491,922,015.03	425,302,583.98

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2014	2013	2014	2013
Services income		500,892,645.09	397,005,270.06	490,521,405.41	396,064,893.44
Cost of services		(336,954,611.30)	(265,312,920.75)	(345,624,112.58)	(269,781,722.67)
Gross profit		163,938,033.79	131,692,349.31	144,897,292.83	126,283,170.77
Other income		4,527,147.21	4,128,798.41	6,474,132.92	4,262,439.65
Administrative expenses		(59,550,976.57)	(49,676,249.23)	(52,585,419.76)	(47,640,981.67)
Finance costs		(393,999.54)	(438,433.83)	(370,884.48)	(428,710.82)
Profit before income tax		108,520,204.89	85,706,464.66	98,415,121.51	82,475,917.93
Income tax expenses	17	(3,463,361.03)	(2,559,645.85)	(1,589,834.23)	(2,037,926.45)
Profit for the year		105,056,843.86	83,146,818.81	96,825,287.28	80,437,991.48
Other comprehensive income (expense)		0.00	0.00	0.00	0.00
Total comprehensive income for the year		105,056,843.86	83,146,818.81	96,825,287.28	80,437,991.48
Total comprehensive income attributable to :					
Owners of the Company		104,898,727.28	83,505,044.12	96,825,287.28	80,437,991.48
Non-controlling interests		158,116.58	(358,225.31)	0.00	0.00
		105,056,843.86	83,146,818.81	96,825,287.28	80,437,991.48
Earnings per share					
Basic earnings per share		1.08	0.87	1.00	0.84
Weighted average number of common shares		97,164,123	95,823,113	97,164,123	95,823,113
Diluted earnings per share	18	1.08	0.86	0.99	0.83
Weighted average number of common shares	18	97,505,167	96,940,085	97,505,167	96,940,085

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

Consolidated financial statements (Baht)

	Note	Owners of the Company							Total	
		Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve	Retained earnings		Total owners of the Company	Non-controlling interests		Total shareholders' equity
					Appropriated	Unappropriated				
Balance as at December 31, 2012		95,089,535.00	59,344,268.49	699,469.91	10,000,000.00	172,153,355.14	337,286,628.54	2,016,040.07	339,302,668.61	
Changes in shareholders' equity for the year:										
Common shares		0.00	0.00	0.00	0.00	0.00	0.00		75.00	
Share-based payment	14	0.00	0.00	1,288,839.00	0.00	0.00	1,288,839.00	0.00	1,288,839.00	
Common shares exercised from warrants	14	1,487,750.00	8,508,591.03	(1,486,411.03)	0.00	0.00	8,509,930.00	0.00	8,509,930.00	
Dividend paid	16	0.00	0.00	0.00	0.00	(47,853,592.50)	(47,853,592.50)	0.00	(47,853,592.50)	
Total comprehensive income for the year		0.00	0.00	0.00	0.00	83,505,044.12	83,505,044.12	(358,225.31)	83,146,818.81	
Interim dividend paid	16	0.00	0.00	0.00	0.00	(23,926,796.25)	(23,926,796.25)	0.00	(23,926,796.25)	
Balance as at December 31, 2013		96,577,285.00	67,852,859.52	501,897.88	10,000,000.00	183,878,010.51	358,810,052.91	1,657,889.76	360,467,942.67	
Changes in shareholders' equity for the year:										
Common shares		0.00	0.00	0.00	0.00	0.00	0.00	150.00	150.00	
Share-based payment	14	0.00	0.00	1,718,452.00	0.00	0.00	1,718,452.00	0.00	1,718,452.00	
Common shares exercised from warrants	14	1,550,105.00	8,865,205.51	(1,548,709.91)	0.00	0.00	8,866,600.60	0.00	8,866,600.60	
Dividend paid	16	0.00	0.00	0.00	0.00	(38,758,194.00)	(38,758,194.00)	0.00	(38,758,194.00)	
Total comprehensive income for the year		0.00	0.00	0.00	0.00	104,898,727.28	104,898,727.28	158,116.58	105,056,843.86	
Interim dividend paid	16	0.00	0.00	0.00	0.00	(19,379,097.00)	(19,379,097.00)	0.00	(19,379,097.00)	
Balance as at December 31, 2014		98,127,390.00	76,718,065.03	671,639.97	10,000,000.00	230,639,446.79	416,156,541.79	1,816,156.34	417,972,698.13	

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

		Separate financial statements (Baht)						Total shareholders' equity
		Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve	Retained earnings			
					Appropriated	Unappropriated		
	Balance as at December 31, 2012	95,089,535.00	59,344,268.49	699,469.91	10,000,000.00	171,279,243.34	336,412,516.74	
	Changes in shareholders' equity for the year:							
14	Share-based payment	0.00	0.00	1,288,839.00	0.00	0.00	1,288,839.00	
14	Common shares from exercised of warrants	1,487,750.00	8,508,591.03	(1,486,411.03)	0.00	0.00	8,509,930.00	
16	Dividend paid	0.00	0.00	0.00	0.00	(47,853,592.50)	(47,853,592.50)	
	Total comprehensive income for the year	0.00	0.00	0.00	0.00	80,437,991.48	80,437,991.48	
16	Interim dividend paid	0.00	0.00	0.00	0.00	(23,926,796.25)	(23,926,796.25)	
	Balance as at December 31, 2013	96,577,285.00	67,852,859.52	501,897.88	10,000,000.00	179,936,846.07	354,868,888.47	
	Changes in shareholders' equity for the year:							
14	Share-based payment	0.00	0.00	1,718,452.00	0.00	0.00	1,718,452.00	
14	Common shares exercised from warrants	1,550,105.00	8,865,205.51	(1,548,709.91)	0.00	0.00	8,866,600.60	
16	Dividend paid	0.00	0.00	0.00	0.00	(38,758,194.00)	(38,758,194.00)	
	Total comprehensive income for the year	0.00	0.00	0.00	0.00	96,825,287.28	96,825,287.28	
16	Interim dividend paid	0.00	0.00	0.00	0.00	(19,379,097.00)	(19,379,097.00)	
	Balance as at December 31, 2014	98,127,390.00	76,718,065.03	671,639.97	10,000,000.00	218,624,842.35	404,141,937.35	

Note

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before income tax	108,520,204.89	85,706,464.66	98,415,121.51	82,475,917.93
Adjustments				
Unrealized gain on changes in investment valuation	(384,218.44)	(918,460.49)	(362,189.85)	(918,460.49)
Doubtful accounts	369,313.50	761,091.34	369,313.50	761,091.34
(Increase) Decrease in unbilled service income	13,747,406.09	(28,672,789.97)	15,806,159.65	(28,723,126.71)
Depreciation	27,230,993.70	18,485,956.56	26,859,287.22	18,371,893.91
Loss on disposal of fixed assets	19,359.22	458,089.26	19,874.57	458,089.26
Loss on impairment of assets	0.00	18,136.04	0.00	18,136.04
Reverse of loss on impairment of assets	(10,323.32)	0.00	(10,323.32)	0.00
Write off income tax deducted at source	0.00	39,618.44	0.00	39,618.44
Employee benefits	4,422,499.02	2,489,935.00	4,387,131.00	2,489,935.00
Interest expenses	393,999.54	428,710.82	370,884.48	428,710.82
	<u>154,309,234.20</u>	<u>78,796,751.66</u>	<u>145,855,258.76</u>	<u>75,401,805.54</u>
(Increase) Decrease in portion of operating assets				
Trade and other receivables	(52,340,683.14)	16,202,683.25	(48,543,814.72)	14,171,554.59
Inventories	(161,828.78)	(3,897,732.72)	397,374.12	(2,940,228.07)
Other non-current assets	62,591.32	(662,243.04)	62,591.32	(662,243.04)
Increase (Decrease) in portion of operating liabilities				
Trade and other payables	15,869,874.82	6,004,155.08	17,910,876.55	7,649,128.55
Cash generated (paid) from operation	117,739,188.42	96,443,614.23	115,682,286.03	93,620,017.57
Interest paid	(393,999.54)	(428,710.82)	(370,884.48)	(428,710.82)
Income tax received (paid)	(5,338,018.49)	(2,908,825.95)	(3,644,796.80)	(2,557,967.60)
Net cash provided by (used in) operating activities	<u>112,007,170.39</u>	<u>93,106,077.46</u>	<u>111,666,604.75</u>	<u>90,633,339.15</u>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2014

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Cash flows from investing activities				
Decrease (Increase) in current investment	(12,250,483.84)	29,773,491.70	(6,250,483.84)	29,773,491.70
Increase in short-term loans	0.00	0.00	(1,000,000.00)	0.00
Payments for acquire of ordinary share of subsidiary	0.00	0.00	(2,499,850.00)	(1,249,925.00)
Increase in pledged bank deposit	(5,245,574.47)	(4,458,077.02)	(5,245,574.47)	(4,458,077.02)
Proceeds from sales of fixed assets	1,235,123.74	1,394,127.55	1,223,297.74	1,394,127.55
Payments for fixed assets acquisition	(53,737,484.36)	(36,474,133.67)	(53,184,200.12)	(35,494,084.34)
Net cash provided by (used in) investing activities	(69,998,418.93)	(9,764,591.44)	(66,956,810.69)	(10,034,467.11)
Cash flows from financing activities				
Increase in short-term loans	500,000.00	0.00	0.00	0.00
Decrease in financial lease liabilities	(3,954,639.95)	(3,314,692.98)	(3,816,787.01)	(3,270,759.99)
Dividend paid	(58,137,291.00)	(71,780,388.75)	(58,137,291.00)	(71,780,388.75)
Proceeds from exercised of warrants to purchase ordinary shares	8,866,600.60	8,509,930.00	8,866,600.60	8,509,930.00
Proceeds for non-controlling interests	150.00	75.00	0.00	0.00
Net cash provided by (used in) financing activities	(52,725,180.35)	(66,585,076.73)	(53,087,477.41)	(66,541,218.74)
Net increase (decrease) in cash and cash equivalents	(10,716,428.89)	16,756,409.29	(8,377,683.35)	14,057,653.30
Cash and cash equivalents as at January 1	38,744,385.05	21,987,975.76	33,309,761.23	19,252,107.93
Cash and cash equivalents as at December 31	28,027,956.16	38,744,385.05	24,932,077.88	33,309,761.23

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

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

2. PREPARATION OF FINANCIAL STATEMENTS BASIS

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

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

- 2.2 The issued and revised financial reporting standards that are mandatorily effective for the current year

Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee which are expected to be effective for the financial statements beginning on or after January 1, 2014 as detailed following :

Accounting Standards

- TAS 1 (Revised 2012) Presentation of Financial Statements
- TAS 7 (Revised 2012) Statement of Cash Flows
- TAS 12 (Revised 2012) Income Taxes

Accounting Standards

- TAS 17 (Revised 2012) Leases
- TAS 18 (Revised 2012) Revenue
- TAS 19 (Revised 2012) Employee Benefits
- TAS 21 (Revised 2012) The Effects of Changes in Foreign Exchange Rate
- TAS 24 (Revised 2012) Related Party Disclosures
- TAS 28 (Revised 2012) Investments in Associates
- TAS 31 (Revised 2012) Interests in Joint Venture
- TAS 34 (Revised 2012) Interim Financial Reporting
- TAS 36 (Revised 2012) Impairment of Assets
- TAS 38 (Revised 2012) Intangible Assets

Financial Reporting Standards

- TFRS 2 (Revised 2012) Share - Based Payments
- TFRS 3 (Revised 2012) Business Combinations
- TFRS 5 (Revised 2012) Non-current Held for Sale and Discontinued Operations
- TFRS 8 (Revised 2012) Operating Segments

Standing Interpretations committee

- TSIC 15 Operating Leases - Incentives
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- TSIC 29 Service Concession Arrangements Disclosures
- TSIC 32 Intangible Assets - Web Site Costs

Financial Reporting Interpretations committee

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- TFRIC 4 Determining whether an Arrangement contains a Lease
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental
Rehabilitation Funds
- TFRIC 7 Applying the Restatement Approach under TAS 29 *Financial Reporting in
Hyperinflationary Economies*
- TFRIC 10 Interim Financial Reporting and Impairment
- TFRIC 12 Service Concession Arrangements

Financial Reporting Interpretations Committee

TFRIC 13 Customers Loyalty Programmes

TFRIC 17 Distributions of Non-cash Assets to Owners

TFRIC 18 Transfer of Assets from Customers

The above accounting standards, financial reporting standards, standing interpretations committee and financial interpretations committee will have no significantly impacts on these financial statements.

2.3 Financial reporting standards in issue but not yet effective

The Company has not adopted the following new and revised TFRS that have been issued as at the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial statements period beginning on or after 1 January in the year indicated following.

<u>Financial Reporting Standards</u>	<u>Contents</u>	<u>Effective year</u>
	Conceptual Framework for Financial Reporting (Revised 2014)	2015
<u>Accounting Standards</u>		
TAS 1 (Revised 2014)	Presentation of Financial Statements	2015
TAS 2 (Revised 2014)	Inventories	2015
TAS 7 (Revised 2014)	Statement of Cash Flows	2015
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (Revised 2014)	Events After the Reporting Period	2015
TAS 11 (Revised 2014)	Construction Contracts	2015
TAS 12 (Revised 2014)	Income Taxes	2015
TAS 16 (Revised 2014)	Property, Plant and Equipment	2015
TAS 17 (Revised 2014)	Leases	2015
TAS 18 (Revised 2014)	Revenue	2015
TAS 19 (Revised 2014)	Employee Benefits	2015
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015

	<u>Contents</u>	<u>Effective year</u>
<u>Accounting Standards</u>		
TAS 23 (Revised 2014)	Borrowing Costs	2015
TAS 24 (Revised 2014)	Related Party Disclosures	2015
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (Revised 2014)	Separate Financial Statements	2015
TAS 28 (Revised 2014)	Investments in Associates and Joint Venture	2015
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics	2015
TAS 33 (Revised 2014)	Earnings per Share	2015
TAS 34 (Revised 2014)	Interim Financial Reporting	2015
TAS 36 (Revised 2014)	Impairment of Assets	2015
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (Revised 2014)	Intangible Assets	2015
TAS 40 (Revised 2014)	Investment Property	2015
<u>Financial Reporting Standards</u>		
TFRS 2 (Revised 2014)	Share-Based Payments	2015
TFRS 3 (Revised 2014)	Business Combinations	2015
TFRS 4 (Revised 2014)	Insurance Contracts	2016
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (Revised 2014)	Operating Segments	2015
TFRS 10 (Revised 2014)	Consolidated Financial Statements	2015
TFRS 11 (Revised 2014)	Joint Arrangements	2015
TFRS 12 (Revised 2014)	Disclosure of Interests in Other Entities	2015
TFRS 13 (Revised 2014)	Fair Value Measurement	2015

	<u>Contents</u>	<u>Effective year</u>
<u>Standing Interpretations Committee</u>		
TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities	2015
TSIC 15 (Revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (Revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (Revised 2014)	Service Concession Arrangements: Disclosures	2015
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs	2015
<u>Financial Reporting Interpretations Committee</u>		
TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (Revised 2014)	Determining Whether an Arrangement Contains a Lease	2015
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) <i>Financial Reporting in Hyperinflationary Economies</i>	2015
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (Revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (Revised 2014)	Customer Loyalty Programmers	2015
TFRIC 14 (Revised 2014)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 <i>Employee Benefits</i>	2015

<u>Contents</u>		<u>Effective year</u>
<u>Financial Reporting Interpretations Committee</u>		
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (Revised 2014)	Distributions of Non – cash Assets to Owners	2015
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20 (Revised 2014)	Stripping Costs in the Production Phase of a Surface Mine	2015

The management expects that the Company will apply and adopt the issued and revised financial reporting standards in accordance with the notification of the Federation of Accounting Professions and is being evaluated the effect of those issued and revised financial reporting standards on the Company's financial statements which expected that they will have no significantly impacts on the financial statements in the year in which they are initially applied.

3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

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

	<u>Percentage of investment %</u>		<u>Type of business</u>
	2014	2013	
QLT International Limited	99.99	99.99	Providing engineering services in both Thailand and overseas and engage in relevant business
Qualitech Myanmar Limited	50.99	50.99	Providing safety engineering services in Myanmar and other related business

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

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

4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

4.1 Income and Expenses Recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

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

4.2 Cash and Cash Equivalents

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

4.3 Investments

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

4.4 Trade and Other Receivables

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

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

4.5 Inventory

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

4.6 Property, Plant and Equipment

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

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

The estimated useful lives of the assets are as follows :

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

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

Land and assets under construction were not depreciated.

4.7 Impairment of Assets

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

4.8 Transactions in Foreign Currencies

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

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

4.9 Financial Instruments

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

4.10 Long-Term Lease Agreement

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

4.11 Employee Benefits

4.11.1 Provident fund

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

4.11.2 Post-Employee benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the financial statements is estimated on an actuarial basis using Projected Unit Credit Method by the independent experts (Actuary). The calculation was made by utilizing various assumptions about future events. The Company and subsidiaries are responsible for the selection of appropriate assumptions.

The principal actuarial assumptions used for employee benefits calculation were summarized as follows;

Discount rate	4 per annum
Employee turnover	Age-related scale and kind of employees and daily staff
Mortality	According to Thailand TMO2008 male and female tables

4.12 Income Tax and Deferred tax

1. Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income

- Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.
- 2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
- 3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.
- 4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
- 5. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.13 Accounting Estimates

Preparation of financial statements in conformity with the financial reporting standards 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 Provisions

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

4.15 Earnings per Share

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

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

5. ADDITION DISCLOSURE OF STATEMENTS OF CASH FLOWS

5.1 Cash and cash equivalents

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2014	2013	2014	2013
Cash	390,439.24	420,501.88	326,936.48	276,376.48
Cash at bank - current accounts	34,000.00	34,000.00	34,000.00	34,000.00
Cash at bank - savings deposit	27,603,516.92	38,145,285.28	24,571,141.40	32,854,786.86
Cash at bank - fixed deposit	0.00	144,597.89	0.00	144,597.89
Total	<u>28,027,956.16</u>	<u>38,744,385.05</u>	<u>24,932,077.88</u>	<u>33,309,761.23</u>

5.2 Non-cash transaction

For the year 2014

Parent company

The Company entered into hire purchase vehicles agreement of Baht 5.28 million which was already made the initial installment in the amount of Baht 1.32 million. The remaining is presented as financial lease liabilities.

For the year 2013

Parent company

The Company entered into hire purchase vehicles agreement of Baht 5.03 million which was already made the initial installment in the amount of Baht 1.25 million. The remaining is presented as financial lease liabilities.

Subsidiary

The subsidiary entered into hire purchase vehicles agreement of Baht 0.78 million which was already made the initial installment in the amount of Baht 0.19 million. The remaining is presented as financial lease liabilities.

6. CURRENT INVESTMENT

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2014	2013	2014	2013
Investment in open-end fund :-				
Krung Thai Savings Fund (KTSS)	20,108,016.28	1,526,780.94	20,108,016.28	1,526,780.94
T - Cash Fund	20,109,438.69	0.00	20,109,438.69	0.00
Thai Cash Management Fund	20,115,565.85	0.00	20,115,565.85	0.00
K-Money	20,005,949.98	0.00	20,005,949.98	0.00
Aberdeen Cash Creation Fund	6,022,028.59	0.00	0.00	0.00
Thanachart Capital Protection				
Government Bond 3M/3 Fund	0.00	26,583,814.27	0.00	26,583,814.27
UOB Income Dairy	0.00	11,090,452.98	0.00	11,090,452.98
UOB FI Plus Plus 3/7	0.00	15,064,800.00	0.00	15,064,800.00
Total investment in				
open-end fund	86,360,999.39	54,265,848.19	80,338,970.80	54,265,848.19
Cash at bank-fixed deposit 6 months	1,454,666.39	20,915,115.31	1,454,666.39	20,915,115.31
Total	87,815,665.78	75,180,963.50	81,793,637.19	75,180,963.50

Such fund invested in debt securities which had minimal risk.

7. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Trade accounts receivable	121,786,639.00	73,069,143.37	118,719,620.79	72,675,874.83
Other receivables	10,145,910.52	6,522,723.01	8,468,526.38	5,968,457.62
Total	131,932,549.52	79,591,866.38	127,188,147.17	78,644,332.45
Less Allowance for doubtful accounts				
- Trade accounts receivable	(13,913,010.71)	(13,543,697.21)	(13,913,010.71)	(13,543,697.21)
Net	118,019,538.81	66,048,169.17	113,275,136.46	65,100,635.24

Billed trade accounts receivable separated on aging

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Undue trade accounts receivable	58,354,824.73	25,483,298.52	60,398,737.37	25,344,521.78
Overdue trade accounts receivable				
- Less than 3 months	38,629,869.54	29,724,983.69	36,951,263.69	29,692,543.69
- Over 3 months to 6 months	9,426,840.71	4,773,344.34	5,994,515.71	4,708,464.34
- Over 6 months to 9 months	2,528,409.00	91,150.00	2,528,409.00	91,150.00
- Over 9 months to 12 months	0.00	0.00	0.00	0.00
- Over 12 months	12,846,695.02	12,996,366.82	12,846,695.02	12,839,195.02
Total	121,786,639.00	73,069,143.37	118,719,620.79	72,675,874.83

10. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Baht)										
	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2012	18,719,000.00	27,498,717.99	7,904,913.42	6,687,899.17	126,127,756.98	9,523,372.20	1,291,122.36	47,099,389.70	0.00	244,852,171.82
Acquisition	16,361,000.00	5,564,000.00	752,268.04	1,031,122.53	11,087,636.21	1,824,223.44	0.00	6,589,665.00	2,006,864.52	45,216,779.74
Disposal	0.00	0.00	0.00	(40,374.30)	(10,511,079.29)	(757,551.21)	0.00	(4,221,625.61)	0.00	(15,530,630.41)
As at December 31, 2013	35,080,000.00	33,062,717.99	8,657,181.46	7,678,647.40	126,704,313.90	10,590,044.43	1,291,122.36	49,467,429.09	2,006,864.52	274,538,321.15
Acquisition	0.00	0.00	89,690.72	899,455.40	38,322,812.77	3,420,431.48	0.00	9,470,125.86	2,745,994.33	54,948,510.56
Disposal	0.00	0.00	0.00	(336,831.52)	(16,814,136.77)	(1,132,743.75)	0.00	(5,801,414.04)	(22,276.93)	(24,107,403.01)
Transfer	0.00	0.00	2,303,212.52	0.00	89,683.71	0.00	0.00	0.00	(2,392,896.23)	0.00
As at December 31, 2014	35,080,000.00	33,062,717.99	11,050,084.70	8,241,271.28	148,302,673.61	12,877,732.16	1,291,122.36	53,136,140.91	2,337,685.69	305,379,428.70
Accumulated depreciation :										
As at December 31, 2012	0.00	5,615,061.50	1,018,921.06	3,614,888.85	89,986,498.64	6,877,283.47	1,291,118.36	29,714,872.89	0.00	138,118,644.77
Depreciation for the year	0.00	1,527,544.55	396,488.86	891,500.35	12,869,117.47	1,319,559.86	0.00	1,481,745.47	0.00	18,485,956.56
Depreciation - write off	0.00	0.00	0.00	(34,876.64)	(8,502,498.27)	(430,824.07)	0.00	(3,393,622.44)	0.00	(12,361,821.42)
As at December 31, 2013	0.00	7,142,606.05	1,415,409.92	4,471,512.56	94,353,117.84	7,766,019.26	1,291,118.36	27,802,995.92	0.00	144,242,779.91
Depreciation for the year	0.00	1,606,508.88	542,063.03	1,074,580.30	18,520,888.90	1,753,653.59	0.00	3,733,299.00	0.00	27,230,993.70
Depreciation - write off	0.00	0.00	0.00	(331,968.66)	(15,647,941.56)	(1,060,679.97)	0.00	(5,184,917.29)	0.00	(22,225,507.48)
As at December 31, 2014	0.00	8,749,114.93	1,957,472.95	5,214,124.20	97,226,065.18	8,458,992.88	1,291,118.36	26,351,377.63	0.00	149,248,266.13
Net book value										
As at December 31, 2013	35,080,000.00	25,920,111.94	7,241,771.54	3,207,134.84	32,351,196.06	2,824,025.17	4.00	21,664,433.17	2,006,864.52	130,295,541.24
As at December 31, 2014	35,080,000.00	24,313,603.06	9,092,611.75	3,027,147.08	51,076,608.43	4,418,739.28	4.00	26,784,763.28	2,337,685.69	156,131,162.57

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

	Separate financial statements (Baht)							Total		
	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system		Vehicles	Assets under construction
As at December 31, 2012	18,719,000.00	27,498,717.99	7,904,913.42	6,687,899.17	126,074,408.58	9,523,372.20	1,291,122.36	47,099,389.70	0.00	244,798,823.42
Acquisition	16,361,000.00	5,564,000.00	752,268.04	1,027,522.53	10,979,935.66	1,450,224.66	0.00	5,510,665.00	2,006,864.52	43,652,480.41
Disposal	0.00	0.00	0.00	(40,374.30)	(10,511,079.29)	(757,551.21)	0.00	(4,221,625.61)	0.00	(15,530,630.41)
As at December 31, 2013	35,080,000.00	33,062,717.99	8,657,181.46	7,675,047.40	126,543,264.95	10,216,045.65	1,291,122.36	48,388,429.09	2,006,864.52	272,920,673.42
Acquisition	0.00	0.00	89,690.72	860,095.59	38,022,519.82	3,206,800.00	0.00	9,470,125.86	2,745,994.33	54,395,226.32
Disposal	0.00	0.00	0.00	(336,831.52)	(16,790,758.52)	(1,132,743.75)	0.00	(5,801,414.04)	(22,276.93)	(24,084,024.76)
Transfer	0.00	0.00	2,303,212.52	0.00	89,683.71	0.00	0.00	0.00	(2,392,896.23)	0.00
As at December 31, 2014	35,080,000.00	33,062,717.99	11,050,084.70	8,198,311.47	147,864,709.96	12,290,101.90	1,291,122.36	52,057,140.91	2,337,685.69	303,231,874.98
Accumulated depreciation :										
As at December 31, 2012	0.00	5,615,061.50	1,018,921.06	3,614,888.85	89,978,483.02	6,877,283.47	1,291,118.36	29,714,872.89	0.00	138,110,629.15
Depreciation for the year	0.00	1,527,544.55	396,488.86	891,443.16	12,851,783.47	1,272,686.76	0.00	1,431,947.11	0.00	18,371,893.91
Depreciation - write off	0.00	0.00	0.00	(34,876.64)	(8,502,498.27)	(430,824.07)	0.00	(3,393,622.44)	0.00	(12,361,821.42)
As at December 31, 2013	0.00	7,142,606.05	1,415,409.92	4,471,455.37	94,327,768.22	7,719,146.16	1,291,118.36	27,753,197.56	0.00	144,120,701.64
Depreciation for the year	0.00	1,606,508.88	542,063.03	1,070,602.88	18,435,654.99	1,606,958.44	0.00	3,597,499.00	0.00	26,859,287.22
Depreciation - write off	0.00	0.00	0.00	(331,968.66)	(15,635,873.96)	(1,060,679.97)	0.00	(5,184,917.29)	0.00	(22,213,439.88)
As at December 31, 2014	0.00	8,749,114.93	1,957,472.95	5,210,089.59	97,127,549.25	8,265,424.63	1,291,118.36	26,165,779.27	0.00	148,766,548.98
Net book value										
As at December 31, 2013	35,080,000.00	25,920,111.94	7,241,771.54	3,203,592.03	32,215,496.73	2,496,899.49	4.00	20,635,231.53	2,006,864.52	128,799,971.78
As at December 31, 2014	35,080,000.00	24,313,603.06	9,092,611.75	2,988,221.88	50,737,160.71	4,024,677.27	4.00	25,891,361.64	2,337,685.69	154,465,326.00

Tools and technical equipment as at December 31, 2014

(Unit : Baht)

Assets acquired	Cost	Accumulated	
		depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,974,030.39	(1,973,952.39)	78.00
- 2004 until present	53,568,073.02	(36,621,625.40)	16,946,447.62
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	3,886,156.75	(3,886,099.75)	57.00
- 2006 until present	88,436,449.80	(54,645,871.71)	33,790,578.09
Total	147,864,709.96	(97,127,549.25)	50,737,160.71

Tools and technical equipment as at December 31, 2013

(Unit : Baht)

Assets acquired	Cost	Accumulated	
		depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	2,279,464.99	(2,279,373.99)	91.00
- 2004 until present	46,808,030.44	(33,468,062.37)	13,339,968.07
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	4,567,694.17	(4,567,635.17)	59.00
- 2006 until present	72,888,075.35	(54,012,696.69)	18,875,378.66
Total	126,543,264.95	(94,327,768.22)	32,215,496.73

Depreciation for the year ended December 31, 2014 and 2013 were Baht 18.44 million and Baht 12.85 million

respectively.

11. OTHER NON-CURRENT ASSETS

	Consolidated and	
	Separate financial statements (Baht)	
	2014	2013
Deposit receivable under contract	4,504,826.99	4,557,094.99
Others	14,081.73	24,405.05
Total	4,518,908.72	4,581,500.04
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Less Provision for impairment of assets	(14,081.73)	(24,405.05)
Net	882,262.92	934,530.92

12. TRADE AND OTHER PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Trade accounts payable	13,875,856.91	8,213,563.52	23,963,519.57	11,567,703.14
Other payables				
Accrued expenses	43,120,916.19	35,913,594.06	36,551,558.66	34,117,301.48
Assets payable	768,792.62	4,100,983.99	727,597.62	4,100,983.99
Others	6,258,203.88	3,299,139.58	6,191,826.28	3,111,023.34
Total	64,023,769.60	51,527,281.15	67,434,502.13	52,897,011.95

13. FINANCIAL LEASE LIABILITIES

13.1 Financial lease liabilities excluded future interest expenses as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Hire purchase payable	7,990,089.62	7,987,729.57	7,587,625.55	7,447,412.56
Less Current portion of long-term liabilities	(3,731,710.71)	(3,289,373.24)	(3,587,008.64)	(3,151,524.79)
Net	4,258,378.91	4,698,356.33	4,000,616.91	4,295,887.77

13.2 The Company and subsidiaries' fixed assets at cost are being made the payment as indicated in agreement as follows:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Vehicles	22,611,037.38	17,335,037.38	21,832,037.38	16,556,037.38
Office equipment	0.00	242,780.16	0.00	242,780.16
Total	22,611,037.38	17,577,817.54	21,832,037.38	16,798,817.54

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Within 1 year	4,045,749.00	3,664,223.88	3,884,781.00	3,503,255.88
Over 1 year less than 3 years	4,129,914.00	4,647,199.97	3,861,634.00	4,217,951.97
Over 3 years less than 5 years	208,810.00	236,391.00	208,810.00	236,391.00
Total	8,384,473.00	8,547,814.85	7,955,225.00	7,957,598.85
Less Future interest expenses of				
financial lease	(394,383.38)	(560,085.28)	(367,599.45)	(510,186.29)
Present value of financial lease				
liabilities	7,990,089.62	7,987,729.57	7,587,625.55	7,447,412.56

14. SHARE CAPITAL

14.1 The increase and decrease of share capital for the year ended December 31, 2014 and 2013 are as follow :

	Authorized share capital		Issued and paid-up share capital	
	Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Balance as at January 1, 2013	99,000,000	99,000,000.00	95,089,535	95,089,535.00
Common shares issued from exercise				
of warrants (QLT -ESOP)	0	0.00	1,487,750	1,487,750.00
Balance as at December 31, 2013	99,000,000	99,000,000.00	96,577,285	96,577,285.00
Common shares issued from exercise				
of warrants (QLT -ESOP)	0	0.00	1,550,105	1,550,105.00
Balance as at December 31, 2014	99,000,000	99,000,000.00	98,127,390	98,127,390.00

14.2 Warrants

On July 4, 2012, the Company issued 4.30 million units of warrants to the Company's management and/or a employees without offering price at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 5.72 each. The exercise period is 3 years from the date of issuance and offering (in the 1st and 2nd year can be exercised right not exceed 30% and the remaining can be exercised in the 3rd year). The exercise right will be made on the 15th of March and September.

Estimated fair value of exercised right of warrants equal to Baht 0.9991 by using Black-Scholes Model such as stock price equal to Baht 6.40, exercise price is Baht 5.72, index volatility at 24.29%, dividend yield at the rate 5.47%, time to maturity 3 years and interest rate at 3.08%.

For the year ended December 31, 2014 and 2013, the Company recorded expenses for the issuance of warrants to purchase common shares (QLT -ESOP) to the Company's management and employees amount of Baht 1.72 million and Baht 1.29 million per year respectively which included in employee benefit expenses and recorded "Equity-settled share-based payment reserve" in shareholders' equity.

The increase and decrease of warrants to purchase the Company's ordinary shares (QLT -ESOP) for the year ended December 31, 2014 and 2013 are as follow :

	Number of units
Balance as at January 1, 2013	3,710,100
Exercise of warrants	<u>(1,487,750)</u>
Balance as at December 31, 2013	2,222,350
Exercise of warrants	<u>(1,550,105)</u>
Balance as at December 31, 2014	<u><u>672,245</u></u>

15. LEGAL RESERVE

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

16. RETAINED EARNINGS APPROPRIATION

For the year 2014

According to the annual general shareholders' meeting for the year 2014 held on April 9, 2014, the shareholders passed the resolution to pay dividend from the result of 2013 profit to the shareholders at Baht 0.65 per share, total amount of Baht 62.68 million by making interim dividend payment at Baht 0.25 per share for 95.71 million ordinary shares, total amount of Baht 23.93 million, thus, the remaining annual dividend payment at Baht 0.40 per share for 96.90 million ordinary shares, total amount of Baht 38.75 million. During the year, the Company has fully paid such dividend.

According to the minutes of Board of Directors' meeting No. 4/2014 held on August 9, 2014, passed the resolution to pay dividend from the result of profit for the six months of 2014 to the shareholders at Baht 0.20 per share total amount of Baht 19.38 million. During the year, the Company has fully paid such dividend.

For the year 2013

According to the annual general shareholders' meeting for the year 2013 held on April 10, 2013, the shareholders passed the resolution to pay dividend from the result of 2012 profit to the shareholders at Baht 0.70 per share, total amount of Baht 66.75 million by making interim dividend payment at Baht 0.20 per share for 94.50 million ordinary shares, total amount of Baht 18.90 million, thus, the remaining annual dividend payment at Baht 0.50 per share for 95.71 million ordinary shares, total amount of Baht 47.85 million. During the year, the Company has fully paid the dividend.

According to the minutes of Board of directors' meeting No. 3/2013 held on August 10, 2013, passed the resolution to pay dividend from the result of profit for the six months of 2013 to the shareholders at Baht 0.25 per share total amount of Baht 23.93 million. During the year, the Company has fully paid such dividend.

17. INCOME TAX

17.1 The calculation of current income taxes

Parent company

For the year 2014 and 2013, the Company calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses for the year and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted profit derived from promoted activities (note 23).

Subsidiary

For the year 2014 and 2013, subsidiary calculated corporate income tax at the rate of 15 - 20% of profit (loss) before deducting with tax expenses for the year and added back other expenses which shall not be allowed as expenses in tax calculation (if any).

17.2 Income tax recognized in profit or loss

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Current tax				
For the current year	3,463,361.03	2,559,645.85	1,589,834.23	2,037,926.45
Deferred tax				
Changes in temporary differences	0.00	0.00	0.00	0.00
Total income tax	3,463,361.03	2,559,645.85	1,589,834.23	2,037,926.45

As at December 31, 2014 and 2013, allowance for doubtful accounts amount of Baht 13.91 million and Baht 13.54 million respectively are allowance for doubtful accounts of trade accounts receivable granted from promotional investment which have no impacts on deferred tax.

17.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Profit before income tax	108,520,204.89	85,706,464.66	98,415,121.51	82,475,917.93
Income tax rate (%)	20	20	20	20
Income tax	21,571,318.76	17,185,687.76	19,683,024.30	16,495,183.59
Prohibited taxable expenses	1,239,796.53	1,105,338.71	1,228,395.28	1,105,338.71
Additional taxable expenses	(445,208.26)	(379,142.94)	(444,023.66)	(379,142.94)
Promoted profit	(18,877,561.69)	(15,183,452.91)	(18,877,561.69)	(15,183,452.91)
Profit (Loss) for the year				
in subsidiaries	(24,984.31)	(168,784.77)	0.00	0.00
Total income tax	3,463,361.03	2,559,645.85	1,589,834.23	2,037,926.45
Income tax rate (%)	3	3	2	2

18. EARNINGS PER SHARE

	Consolidated financial statements						
	Profit			Number of shares		Earnings / share	
	2014	Baht	2013	2014	shares	2013	2014 Baht 2013
Basic earnings per share							
Net profit of common shareholders	104,898,727.28	83,505,044.12		97,164,123		95,823,113	1.08 0.87
Effects of potential common share (exercise rights)	-	-		341,044		1,116,972	
Diluted earnings per share							
Net profit of common shareholders assumed							
as conversion to common share	104,898,727.28	83,505,044.12		97,505,167		96,940,085	1.08 0.86
Separate financial statements							
	Separate financial statements						
	Profit			Number of shares		Earnings / share	
	2014	Baht	2013	2014	shares	2013	2014 Baht 2013
Basic earnings per share							
Net profit of common shareholders	96,825,287.28	80,437,991.48		97,164,123		95,823,113	1.00 0.84
Effects of potential common share (exercise rights)	-	-		341,044		1,116,972	
Diluted earnings per share							
Profit of common shareholders assumed							
as conversion to common share	96,825,287.28	80,437,991.48		97,505,167		96,940,085	0.99 0.83

19. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

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

19.1 General information

Name	Relationship	Description	Pricing policy
Related persons			
Mr. Sumet Techachainiran	The Company's director and shareholder	Guarantee	Non-service charge
Mrs. Monta Chaiyaban	Spouses of the Company's director and shareholder	Office rental	At the agreed rate of Baht 8,500 starting in June 2008
		Land and office building acquisition	At the value appraised by the independent appraiser plus Baht 1.5 million
Subsidiary companies			
Qualitech Myanmar Limited	The Company held 50.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - management service fee	At agreed price
		Interest income	At the rate of 6.75% per annum
		Wages	At agreed price
QLT International Limited	The Company held 99.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - rental	At agreed price of Baht 24,299.07 per month
		Income - management service fee	At the agreed price
		Wages	At the agreed price
		Materials supply	At the agreed price
Related company			
Parami Energy Service Co., Ltd.	Director and shareholder of subsidiary	Income - wages	At agreed price
		Wages	At agreed price
		Office rental	At agreed price of USD 1,000.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Trade and other receivables				
Qualitech Myanmar Limited	0.00	0.00	530,524.43	1,500.00
QLT International Limited	0.00	0.00	66,000.00	22,020.00
Parami Energy Service Co., Ltd.	3,874,410.13	392,113.68	0.00	0.00
Total	3,874,410.13	392,113.68	596,524.43	23,520.00
Unbilled services income				
Qualitech Myanmar Limited	0.00	0.00	82,200.00	0.00
QLT International Limited	0.00	0.00	37,383.18	80,000.00
	0.00	0.00	119,583.18	80,000.00
Short-term loans				
Qualitech Myanmar Limited	0.00	0.00	1,000,000.00	0.00

The increase and decrease of short-term loans for the year ended December 31, 2014 are as follow :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Trade and other payables				
Qualitech Myanmar Limited	0.00	0.00	59,035.65	107,836.74
QLT International Limited	0.00	0.00	10,081,221.79	3,985,101.44
Parami Energy Service Co., Ltd.	713,093.80	612,397.37	0.00	0.00
Total	713,093.80	612,397.37	10,140,257.44	4,092,938.18
Short-term loans				
Parami Energy Service Co., Ltd.	500,000.00	0.00	0.00	0.00

The increase and decrease of short-term loans for the year ended December 31, 2014 are as follow :

	Consolidated financial statements (Baht)
Balance as at January 1, 2014	0.00
Increase during the period	<u>500,000.00</u>
Balance as at December 31, 2014	<u><u>500,000.00</u></u>

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Service income - wages				
Qualitech Myanmar Limited	0.00	0.00	199,295.40	1,401.87
QLT International Limited	0.00	0.00	384,000.00	6,000.00
Parami Energy Service Co., Ltd.	3,748,389.40	0.00	0.00	0.00
Total	<u>3,748,389.40</u>	<u>0.00</u>	<u>583,295.40</u>	<u>7,401.87</u>
Other income - rental				
QLT International Limited	0.00	0.00	291,588.84	87,476.64
Other income - management fee				
Qualitech Myanmar Limited	0.00	0.00	964,775.00	0.00
QLT International Limited	0.00	0.00	443,364.51	80,000.00
Total	<u>0.00</u>	<u>0.00</u>	<u>1,408,139.51</u>	<u>80,000.00</u>
Other income - tools rental				
Qualitech Myanmar Limited	0.00	0.00	298,892.22	0.00
Other income - interest				
Qualitech Myanmar Limited	0.00	0.00	32,270.56	0.00

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Cost of services - wages				
Qualitech Myanmar Limited	0.00	0.00	305,142.29	447,096.50
QLT International Limited	0.00	0.00	23,675,824.73	8,135,882.00
Parami Energy Service Co., Ltd.	303,609.20	503,203.45	0.00	0.00
Total	303,609.20	503,203.45	23,980,967.02	8,582,978.50
Cost of services - material supply				
QLT International Limited	0.00	0.00	2,700,902.00	0.00
Cost of services - travelling				
Parami Energy Service Co., Ltd.	44,892.28	0.00	0.00	0.00
Administrative expenses - management fee				
Parami Energy Service Co., Ltd.	391,898.50	251,912.13	0.00	0.00
Administrative expenses - travelling				
Qualitech Myanmar Limited	0.00	0.00	0.00	33,612.27
Administrative expenses - office rental				
Mrs. Monta Chaiyaban	0.00	8,500.00	0.00	8,500.00

19.4 Fixed assets acquisition with related persons and parties are as follows :

For the first quarter of 2013, according to the minutes of Board of directors' meeting No. 1/2013 held on February 16, 2013, the Board of directors ratified involving land and office building acquisition instead of lease from spouses of the Company's director and shareholder (Mrs. Monta Chaiyaban). The Company acquired such land with its office building in the price of Baht 7.50 million which is higher than the appraisal value amount of Baht 1.50 million that the management deems that this price is appropriated, caused by the Company can save the cost of removal and renovation of its office.

20. DIRECTORS' REMUNERATION

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

21. MANAGEMENT BENEFIT EXPENSES

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

22. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Employee benefit expenses	228,994,350.72	193,314,452.45	222,645,730.74	190,947,813.97
Depreciation	27,230,993.70	18,485,956.56	26,859,287.22	18,371,893.91
Supplies used	42,050,518.86	27,020,091.74	38,024,542.98	26,690,468.90
Contractor wage	27,710,081.90	17,954,519.52	49,452,782.39	25,868,303.05
Travelling and accommodation expenses	14,197,129.41	11,112,936.58	12,698,362.80	10,814,544.43
Office expenses	8,030,039.34	6,896,379.17	7,631,326.00	6,790,920.06
Fee and consulting fee	3,087,071.22	2,699,650.36	2,322,875.73	2,574,175.02
Repairs and maintenance expenses	5,634,588.32	4,722,770.26	5,554,023.92	4,716,880.34
Directors' remuneration	2,613,000.00	2,272,753.64	2,613,000.00	2,272,753.64
Management benefit expenses	25,396,527.99	18,265,504.03	18,778,277.99	17,146,994.03

23. PROMOTIONAL PRIVILEGES

23.1 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 four promotion certificate for services providing of testing of welding and metal identification as the scientific testing, the certificate No. 1 dated December 28, 2005, No. 2 dated June 18, 2007, No. 3 dated August 4, 2008 and No. 4 dated March 4, 2013. The significant privileges are as follows:

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

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

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

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

23.2 The results of operation of the Company and subsidiaries for the year ended December 31, 2014 and 2013 separated into promoted business and non-promoted business as follows:

	Consolidated financial statements (Baht)					
	Promoted business		Non-promoted business		Total	
	2014	2013	2014	2013	2014	2013
Services income	387,363,874.07	330,601,989.72	113,528,771.02	66,403,280.34	500,892,645.09	397,005,270.06
Cost of services	(254,791,603.90)	(218,013,275.77)	(82,163,007.40)	(47,299,644.98)	(336,954,611.30)	(265,312,920.75)
Gross profit	132,572,270.17	112,588,713.95	31,365,763.62	19,103,635.36	163,938,033.79	131,692,349.31
Other income	0.00	0.00	4,527,147.21	4,128,798.41	4,527,147.21	4,128,798.41
Administrative expenses	(40,952,090.53)	(39,343,312.41)	(18,598,886.04)	(10,332,936.82)	(59,550,976.57)	(49,676,249.23)
Finance costs	(289,067.36)	(354,041.90)	(104,932.18)	(84,391.93)	(393,999.54)	(438,433.83)
Profit before income tax	91,331,112.28	72,891,359.64	17,189,092.61	12,815,105.02	108,520,204.89	85,706,464.66
Income tax expenses	0.00	0.00	(3,463,361.03)	(2,559,645.85)	(3,463,361.03)	(2,559,645.85)
Profit for the year	91,331,112.28	72,891,359.64	13,725,731.58	10,255,459.17	105,056,843.86	83,146,818.81

24. OPERATING SEGMENTS

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

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

24.3 Revenues separated by nature of services are as follows:

	Consolidated financial statements	
	(Million Baht)	
	2014	2013
Non-Destructive Testing	275.71	215.43
Inspection and certificate	225.18	181.57

25. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.9.

2) Credit risk

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

3) Interest rate risk

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

4) Fair value of financial instruments

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

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

26. COMMITMENT AND CONTINGENT LIABILITIES

26.1 The Company and subsidiaries have commitment under fixed assets acquisition agreement with several seller as at December 31, 2014 and 2013, the balance is as follows :

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
US Dollar	0.00	17,500.00	0.00	17,500.00
Baht	1,591,222.50	102,989.70	692,722.50	102,989.70

26.2 The subsidiary has commitment under lease office building agreement as at December 31, 2014 and 2013 for the amount of Baht 0.16 million and Baht 0.10 million respectively.

26.3 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, as at December 31, 2014 and 2013 total amount of Baht 15.76 million and Baht 13.34 million respectively. Contingent liabilities are guaranteed by bank deposits (Note 9).

27. PROVIDENT FUND

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

This fund is managed by Kasikorn Thai Assets Management Company Limited. For the year 2014 and 2013, the Company has contribution expenses in the amount of Baht 3.24 million and Baht 3.08 million respectively.

28. CAPITAL MANAGEMENT

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

29. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 14, 2015.

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