

# Annual Report 2018



Reliability



Safety



Agile



Customer Focus



Quality



Qualitech Public Company Limited

# Annual Report 2018



Reliability • Safety • Agile • Customer Focus • Quality



บริษัท ควอลิเทค จำกัด (มหาชน)  
Qualitech Public Company Limited





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Vision

#### Vision

To become a leading service provider in testing, inspection, and certification in the ASEAN Economic Community (AEC) by 2020

#### Value

Reliability, Safety, Agile, Customer Focus and Quality

#### Mission

1. We strive to provide engineering inspection and certification for public safety.
2. We are committed to constantly enhancing the potential of the company and personnel to achieve internationally recognized standards.
3. We are resolved to expand our services as well as build and grow our network into the ASEAN Economic Community.
4. We pledge to conduct business with relentless commitment to the principles of good governance, social responsibility, and environmental stewardship.





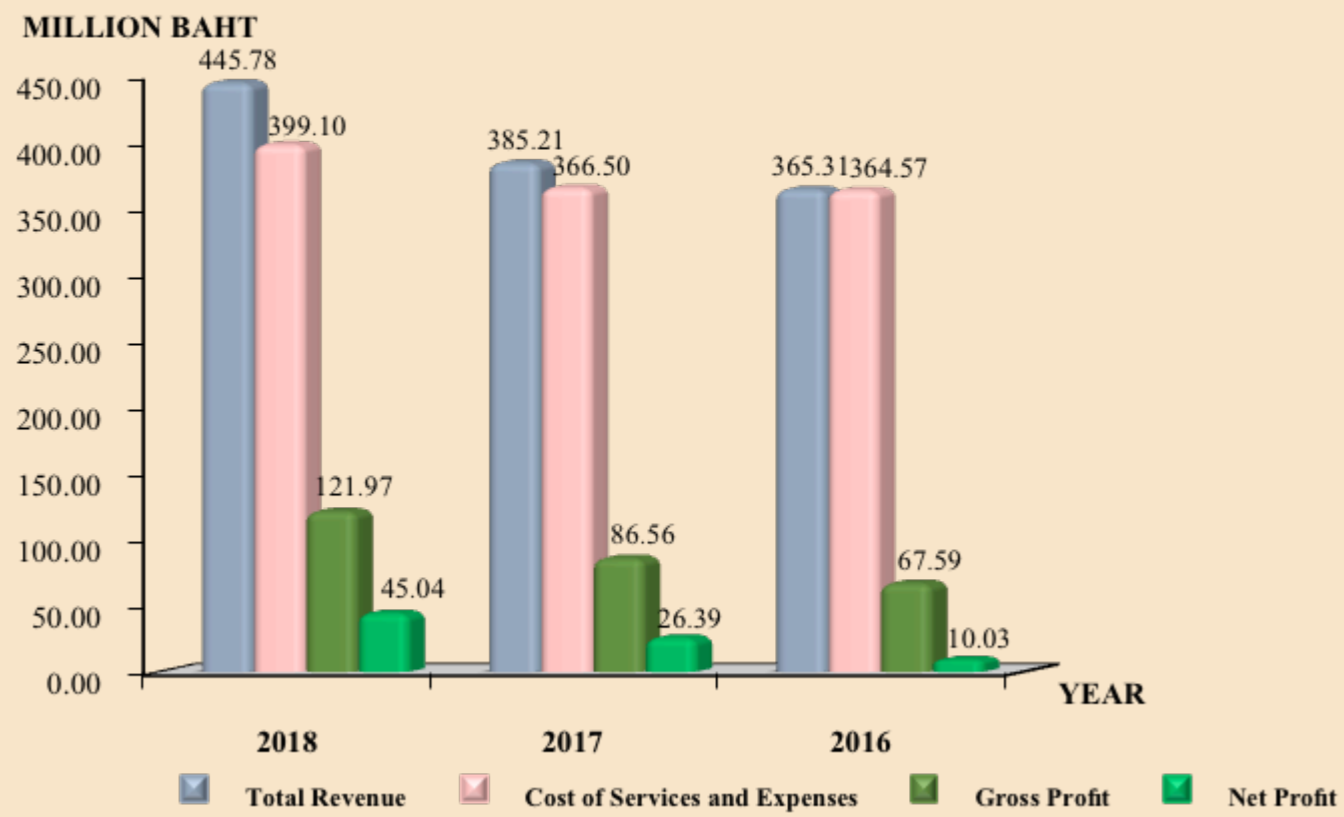
Financial  
Summary

Statements of Comprehensive Income (Million Baht)	2018	2017	2016
Total Revenue	365.31	385.21	445.78
Cost of Services and Expenses	364.57	366.50	399.10
Gross Profit	67.59	86.56	121.97
Net Profit	10.03	26.39	44.57
Statements of Financial Position (Million Baht)			
Total Assets	485.24	505.83	503.93
Total Liabilities	46.74	55.92	59.96
Total Shareholders' Equity of the parent company	438.37	449.53	443.97
Financial Ratio			
Gross Profit Ratio (%)	18.50	22.47	27.36
Net Profit Ratio (%)	2.75	6.85	10.00
Return on Equity (%)	2.26	5.91	10.00
Return on Total Asset (%)	2.02	5.23	9.73
Debt to Equity Ratio (times)	0.11	0.12	0.14
Earnings Per Share			
Net Profit Per Share (Baht)*	0.10	0.27	0.45
Book Value Per Share (Baht)	4.45	4.56	4.50

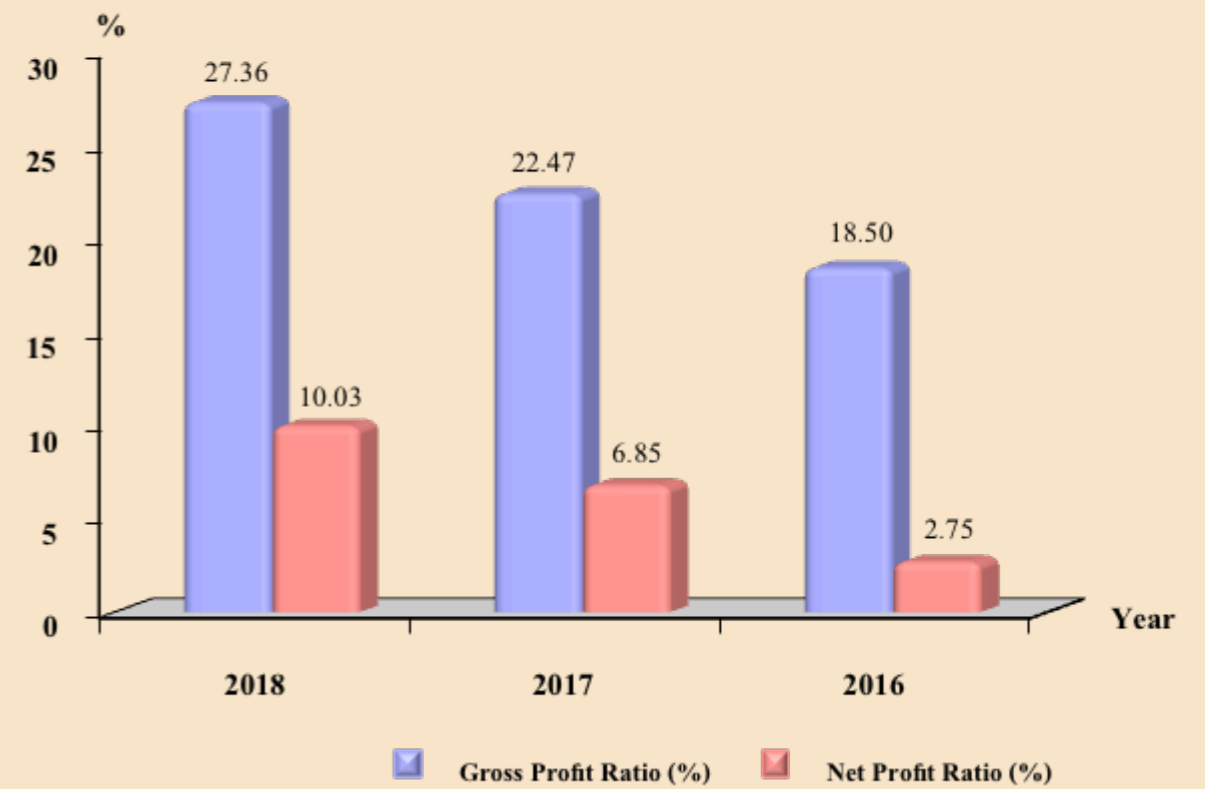
\* Number of shares outstanding computed using weighted average method



### Financial Summary



### Financial Ratio







# Message from Board of Directors

Dear Shareholders,

Throughout the previous year of 2018, the market for Non-Destructive Testing (NDT), Inspection and Certification service, and testing for the mechanical properties of materials experienced shrinkage, resulting in a substantial decrease in the operating results of Qualitech Public Company Limited. This was caused by both internal and external factors summarized as follows:

The external factor was the ongoing decrease in oil price, leading to the contraction in the job market for the module construction industry for export, and steel fabrication. Coupled with this has been the fiercer competition in Non-Destructive Testing, and Inspection and Certification services as witnessed during the past three to four years resulting in a drop in service fee. The export price of cassava from Thailand rose substantially leading to decline in the purchasing power of foreign countries. Moreover, most buyers opted for alternative agricultural products. A severe slowdown in exports consequently led to a large decrease in the job market for the inspection service for agricultural goods in the category of export cassava for QLT International Company Limited — a subsidiary company.

The major internal factor is the fact that the Company cancelled the proposal of the Employee Stock Option Program: ESOP-W2 to executives and/or employees of the Company and its subsidiaries ahead of schedule, making the Company realized of the remaining accounting expenditure throughout the project during the previous third quarter.

In order to reduce the expense burden being higher than the income since the first quarter, the Company sold its Inspection Service unit for agricultural product under QLT International Company Limited in the third quarter at a profitable price.

As for 2019, the Company aims at expanding the team, procuring tools and equipment to provide services for customers in every sector so as to support the increasing industry of oil refinery and petrochemical construction in the country. The picture is expected to be clearer by this third quarter. Furthermore, the Company is determined to expand the market for Non-Destructive Testing (NDT), Inspection and Certification services in other industries and continues to reinforce the trade alliance network in Asia. The Company currently has an alliance network in Indonesia, Vietnam, and Brunei so as to create a diversity of services, and expand the customer base in other countries. The Company focuses on expanding business and developing more new products and services, as well as extending the business base to create income from other industries in addition to the petrochemical, oil and gas exploration and production.

The Board of Directors and all staff of Qualitech Public Company Limited would like to express their heartfelt gratitude to all shareholders, customers, sponsors, business partners, and all stakeholders for their continued trust and support, enabling the Company to be an efficient organization able to compete and create work, and becoming the leader in the Non-Destructive Testing and Inspection and Certification business of Thailand.

Mr. Sannpat Rattakham  
Chairman of the Board of Directors/  
Chief Executive Officer





## Report of the Audit Committee

The Audit Committee of Qualitech Public Company Limited consists of 3 of the company's independent directors. These directors are fully qualified for the audit committee in accordance with the criteria given in the notice of Security and Exchange Commission. The members are as follows:

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

In 2018 the Audit Committee arranged 4 meetings to consider and summarize all relevant agenda items for the operations in the year 2018 through dialogue and discussions with the executives, internal auditors and auditors as follows:

### 1. Financial Reports

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

### 2. Internal Control Adequacy

The Committee audited the adequacy and efficiency of the internal control system by considering the reports from the Internal Audit Department and Adequacy of Internal Control Evaluation Report. For any issues arising, the Com-

mittee provided advice and suggestions to executives for improvements.

### 3. Risk Management Adequacy

The Committee audited the risk management policy, progression of operation risk management and other operations of the Company as well as the adequacy of the risk management system and internal communication. The Committee considered the Company to have an adequate risk management and assessment system.

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

The Committee audited and considered the Company to have followed a code of ethics and good corporate governance. The Company focused on operating business with sustainable growth, social and environmental responsibilities, and in adherence to anti-corruption policy.

The Company has also correctly complied with the laws and regulations relating to the business and Stock Exchange of Thailand.

### 5. Connected Transaction and Conflict of Interest

The Committee audited the connected transactions of the Company and its subsidiaries, and transactions of which a conflict of interest may occur, to ensure that the Company continued to operate in line with the relevant regula-





## Report of the Audit Committee

tions and disclosed information in the interests of transparency. The Committee did not find any significant unusual transactions.

### 6. Consideration to appoint auditors and compensation for year 2018

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

The Committee, thus, proposed to the Company's Board of Directors for shareholders' approval to appoint D I A International Audit Co., Ltd to be the Company's auditors for fiscal year 2018 with the compensation not exceed 1,045,000 Baht. Name of the auditors are as follows;

Mrs. Suvimol Krittayakiern CPA Registration No. 2982 or/and  
Mrs. Jumpoj Prairattanakorn CPA Registration No.5599 or/and  
Mr. Nopparoek Pissanu Wong CPA Registration No.7764 or/and  
Ms. Suphaphorn Mangjit CPA Registration No. 8125

Nonetheless, in performing its duties, the Audit Committee has independently considered, proposed opinions and suggestions as regards the management in the utmost interest of the Company. The Committee thereupon would like to thank every party for their excellent collaboration.

On behalf of Audit Committee

Mr. Somyos Chiamchirungkorn  
Chairman of the Audit Committee





## Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee was appointed by the Company's Board of Directors on May 7, 2016 as to be in line with the good corporate governance policy of the Company and Stock Exchange of Thailand. The Committee assists the Board in the areas of the nomination and remuneration of all the directors and all executives from the managing director level and above to ensure that conduct is transparent, just, and fair to the stakeholders of all areas.

The Committee consists of 2 independent directors and 1 executive director. During 2018, Miss Rashaneewan Rawirach had resigned from his position in Director, Executive Director and Member of the Nomination and Remuneration Committee and thus the Committee had appointed Mr. Thawatchai Lipithorn to take the vacant position. As such, The Nomination and Remuneration Committee consisted of the following:

Mr.Somyos Chiamchirungkorn Independent Director/Chairman of the Nomination Committee

Mr.Somchai Jongsirilerd Independent Director/Member of the Nomination Committee

Mr.Tawatchat Lipithorn Executive Director/Member of the Nomination Committee

In 2018, the Committee convened 2 meeting summarized the major content regarding the work performance of the Nomination Committee as

follows

1. Selection and nomination of candidate whose quality fits the condition to be a director replace those whose term will end.
2. Allocate remuneration of the committees for the year 2018 within the budget approved by the Shareholders.
3. Set the 2019 remuneration for the Board of Directors and Committee before proposal to the Board of Directors and Shareholders for approval
4. Evaluate the performance of the Board of Directors and set the remuneration accordingly
5. Set the remuneration of Chief Executive Officer and the Managing Director in compliance with responsibilities and the overall operating results of the Company.
6. Revised The Nomination and Remuneration Committee's Charter to match the adjustment in the company's restructure. The Nomination and Remuneration Committee had followed its charter strictly and with the best benefits of the organization as the priority.



(นายสมยศ เจียมจิริงกร)

ประธานกรรมการสรรหาและพิจารณาค่าตอบแทน





## The Board of Directors



1. Mr.Sannpat Rattakham
  - Chairman
  - Director
  - Executive Director
  - Chief Executive Officer



2. Mr.Somyos Chiamchirungkorn
  - Chairman of the Audit Committee
  - Independent Director
  - Chairman of the Nomination and Remuneration Committee



3. Mr.Sumet Techachainiran
  - Director
  - Executive Director
  - Assistant Chief Executive Officer



4. Mr.Somchaan Lubtikultham
  - Director



5. Mrs.Maneerat Rattakham
  - Director
  - The Company Secretary



6. Mr.Tinakorn Seedasomboon
  - Member of the Audit Committee
  - Independent Director





## The Board of Directors



## Nature of Business



### 7. Mr. Somchai Jongsirilerd

- Member of the Audit Committee
- Independent Director
- Member of the Nomination and Remuneration Committee



### 8. Mr. Domdej Sripinproach

- Director
- Executive Director
- Managing Director



### 9. Mr. Thawatchai Lipithorn

- Director
- Executive Director
- Member of the Nomination and Remuneration Committee

### • Company Data •

Location and Branch	
Company Name	Qualitech Public Company Limited.
Registered Capital	98.57 million Baht with 98.57 million Baht paid up
Type of Business	Non-Destructive Testing, Inspection & Certification and Mechanical Test
Company's registration	No. 0107550000220
Website	<a href="http://www.qualitechplc.com">www.qualitechplc.com</a>
Head Office	21/3 Banplong Road, Maptaphut, Mueang, Rayong 21150
	Tel. (+66) 3869-1408 to 10 Fax. (+66) 3869-2028





Branch Office (1)

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



Branch Office (2)

50, SoiPattanakarn 57,  
Prawet, Bangkok 10250  
Tel. (+66) 2116-9294 Fax. (+66) 2722-1132



Branch Office (3)

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



Registrar

**TheThailand Securities Depository Co., Ltd.**

The Stock Exchange of Thailand Building 14th Floor, Tower A,  
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400  
Tel. (+66) 2009-9378 Fax. (+66) 2009-9476

Authorized Auditor

**Mrs. SuvimolKrittayakiern**

CPA Registration No. 2982  
D I A International Audit Co., Ltd  
316/32 SoiSukumvit 22, Sukumvit Road,  
Klongtoey District, Bangkok 10110  
Tel. (+66)2259-5300 Fax. (+66)2260-1553





## Overview of Business

Qualitech Plc. operates business as an independent third party engineering services provider i.e. testing inspection and quality assessment and giving engineering advices to meet the international standards, for various organizations for the purpose of inspection or quality assessment in accordance with the international standards as inquired by clients. The Company's engineering services can be categorized into 3 parts:

1. Non-Destructive Testing (NDT): The method of process finding defects or malfunctions in material or equipment without inflicting any damage upon them. This includes radiography, ultrasonic, magnetic particle, dye and liquid penetrant test, and other advanced tests.

2. Inspection and Certification: is a process using different types of tests including Non-Destructive Testing to inspect the work, including non-destructive testing, to inspect material or equipment and evaluate as well as issue reports certifying the integrity of the tested samples with conclusions regarding the suitability for usage and assurance of such. Inspection and certification includes, for instance, inspection and certification pursuant to the laws for LPG and NGV tanks, piping, boilers, fixed tanks, oil storage tanks, and fuel & chemical transportation tanks.

3. Mechanical Test: is a test for the physical and chemical properties of materials such as tensile strength, malleability, impact resistance, chemical composition and structural analysis which affect the key properties of the metal in terms of strength and deterioration.

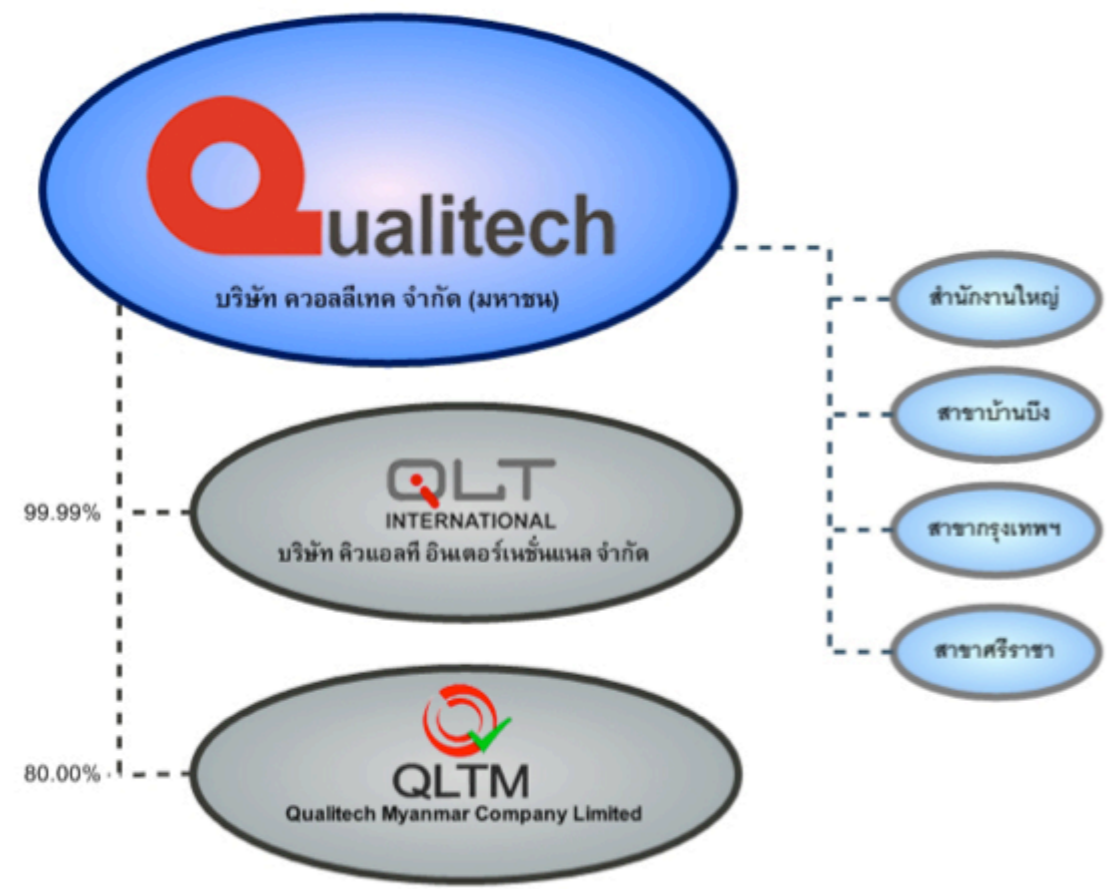
The Company has provided a mechanical testing service to both domestic and foreign clients. The Company's main clients are businesses in the energy and petrochemical industries such as power plants, oil refineries, petrochemical plants, gas separation plants, gas filling plants and machinery and equipment fabricator; as well as users of tanks, machinery, equipment which must be inspected in accordance with the law to ensure safety such as boilers, cranes, NG, LPF, Oil tanks and high pressure tanks.

The clients for non-destructive testing, inspection and certification and those requiring mechanical tests can be distinguished as follows. Of the non-destructive testing clients 90% belong to the group of project contractors of which the Company is their subcontractor for the NDT service. For inspection and certification, 70% of customers are the direct owners of the project regularly inspect the equipment/plant during shut down/turnaround, as well as inspection and certification to comply with the regulations. The customer group for mechanical testing comprises both project contractors and project owners equally.





# Shareholding Structure of the Company and Affiliates



### Subsidiaries

Qualitech has 2 subsidiaries:

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

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

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

Qualitech Plc. holds 80% of the total shares. QLTM has a registered and paid-up capital of 50,000USD, operating in the safety engineering service in Myanmar as well as in other related businesses.





◆ Revenue Structure

Type of Work	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Non-Destructive Testing	151.38	40.09	141.83	36.50	175.95	39.18
Inspection and Certification	198.16	52.48	238.76	61.44	269.83	60.09
Mechanical and Metallurgical Teasting	15.77	4.18	4.62	1.19	0.00	0.00
Others	12.27	3.25	3.40	0.87	3.29	0.73
Total	377.58	100.00	388.61	100.00	449.07	100.00





Risk Factors

### 1. Risk regarding payment collection from customers

The Company's customers can be classified into two major groups. The first comprises the manufacturing owners (users), such as PTT, Chevron, and ESSO, in which they hold the Company is revenue around 50% and have no payment or credit problems. The other is the group comprising the contractors. These customers account for around 40% of the Company's revenue. It is normal procedure that, 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. Undertakes the role of subcontractor for the process of engineering testing and inspection. In cases where the main contractor does not complete a project, the Company can not therefore collect payment, or the payment from the project owner is overdue and thus adversely affects the Company's operations.

#### Risk Prevention and Reduction

The Company has formulated a plan to mitigate the risk of defaults on payments in the future by comprehensive credit assessment of its clients. This is done through analysis of financial positions, assessing the sufficiency of registered capital compared with the size of the project to be undertaken, as well as considering debt payment history by requesting information from the relevant parties. Moreover, the Company classifies the grades of its debtors every quarter. Should there be any indication of a delayed payment, the Company may request the contractor to issue a letter to the project owner transferring the contractor's debt directly to the project owner. The Company may then suspend the provision of services until the arrears are paid, or the Company may proceed by other means as it deems appropriate.

### 2. Risk regarding Personnel

The Company conducts its business providing specific services including testing, inspection and certification. Therefore, the Company depends on having staff with the knowledge, expertise, testing skills and who can accurately interpret test results. This is as a minor error could lead to catastrophic damage to both life and property. It is necessary to have a large number of capable staff to generate greater income. Employee turnover or incapable staff would adversely affect the Company.

#### Risk Prevention and Reduction

The Company ranks personnel development as its top priority, with the policy of enhancing the knowledge of staff through domestic and overseas trainings. The Company also set up the internal training unit to carry out the NDT training program, inspection and certification, and other related programs such as work safety. The Company has a strict staff selection policy to acquire qualified staffs continually and has made an agreement with several academies in recruiting staff, allowing the Company to select new knowledgeable and competent staff according to the work objectives. Currently, the Company has an adequate amount of personnel to provide services. Our staff are continually developed to support future work expansions, enabling the Company to gain a reliable and good image.

In addition, the Company has a policy of retaining skilled staff with remuneration levels no less than the average industry rate, while also providing health insurance and setting up a provident fund as an employee benefit. The Company grants scholarships for the relevant fields of work, carries out ESOP and other projects so as to create morale among staff. Such policy will help retain staff at the Company.





## Risk Factors

### 3. Risk regarding service guarantee

In providing Non-Destructive Testing, there will be a report on the test results identifying what has been found in a test subject, and a preliminary assessment compared with the criteria of the international standards which is not a guarantee nor accreditation that such tested subject suits all usability. The information on design, materials, and other tests will be put together for further analysis. Simply said, the test is only one step of Inspection and Certification.

As regards Inspection and Certification, it requires several procedures and puts together the information on design, manufacturing methods, and other tests in addition to NDT so as to assess the results in compliance with the regulations of the international standards and/or legal regulations. This may cause risk in terms of error occurring during the process of inspection and certification, resulting in the subject of testing being damaged from actual use.

#### Risk Prevention and Reduction

Causes of possible mistakes during the inspection and certification process mostly arise from the skipping of steps and/or negligence to work attentively on the inspector's part. The Company, therefore, focuses on the development of knowledge and work competency, whereby employees involved in the testing are required to attend training and perform work directly under the supervision of a supervisor so as to raise their awareness of the impact caused by any malpractice. The supervisor also inspects and monitors the performance periodically. Previously, the Company never received complaints from clients and is therefore confident that the risk regarding service guarantee is controllable. The Company has also never made mistakes in assessing the test results.

### 4. Risk regarding Competition

Testing, inspection and quality certification are services that mainly require personnel. Competent staff can leave the Company, set up their own business, or easily take market share at the expense of the Company. For the business to expand well, this relies on a good work system and work, as well as other component factors. Moreover, there are other rival companies from abroad established in Thailand providing different services from those offered by the Company such as Advanced NDT.

#### Risk Prevention and Reduction

In addition to offering high remuneration to competent staff, the Company also places an emphasis on creating good relations with staff. The Company has designated a concise employment contract to prevent staff from resigning and setting up a competitive business against the Company. Meanwhile, the Company has provided and developed new technology as regards inspection and testing so as to continually add value to the service provided to clients. The Company has also adjusted itself in terms of marketing by becoming a partner with foreign companies specializing in Advanced NDT in jointly providing services to clients. This proves beneficial to the Company as it increases clients in the market and allows the Company to learn new technology from alliances to ready itself for increasing competition in the future.

### 5. Risk regarding Financial

Since the company has neither short-nor long-term loans, the risk from interest rate fluctuations is very limited. In addition, the Company's business partners have strong financial stability. Consequently, the financial risk of the company is not a concern.





## Risk Factors

### 6. Risk regarding Currency Exchange Rate

The Company rarely purchases equipment and consumables abroad. Thus, any risk here is slightly As for subsidiaries in foreign countries, the Company uses local currency for both income and expenditure.

### 7. Risk regarding Industrial and Competitive Environment

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

For the competition in the market, although the number of competitors is increasing causing the impact on the service fee. However, the Company still focuses on quality service provision in accordance with the designated values of the organization our core values.

#### Risk Prevention and Minimization

1. Maintain loyal customer base of the Company by using price strategy
2. Expand customer pool in other industry such as paper industry, biomass power plant
3. Develop the organization to meet international standards such as ISO 17025, ISO 17020, ISO 9001, and OHSAS 18001 so as to build more confidence in service quality among clients.
4. Develop the personnel in accordance with European standards to enhance service variety
5. Setting up a marketing unit and business developing unit in order to expand the job market

for testing, inspection and certification, and enlarge the testing laboratory for mechanic and metallurgy. Study customer insights in greater depth so as to improve the process and/or offer more new services.

6. Establish a research and development unit to follow-up on technological progress and evaluate suitability in order to develop new services for customers.

### 8. Risk regarding Consumables

The Company uses consumables in providing different types of services that do not cost much. Most consumables are ordered online through domestic dealers and several authorized distributors. A purchase is not made with only one distributor. Therefore, the Company has no risk derived from dependence on one particular dealer. Also the Company has designated the plan for work performance in advance.

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

The Company therefore always has to follow-up on news, information, and the direction of the Government's operations, as well as closely collaborating with related government agencies so as to evaluate changes and impacts that may rise, both positive and negative factors on a periodical basis. This has been regulated as the duty of Chief Executive Officers. In order to mitigate such risk, the Company has closely monitored the change in government policies to apply regulations and laws in accordance with work performance.





## ◆ Structure of Shareholding and Management

### Company Securities

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

Rank	Name of Shareholders	December 31, 2018	
		No. of Shares	Percentage
1	Mr.Sannpat Rattakham Group <sup>1</sup>	22,271,560	22.59
2	Mr.Somchaan Lubtikultham Group <sup>2</sup>	19,098,335	19.38
3	Mr.Thawatchai Lipithorn Group <sup>3</sup>	12,213,220	12.39
4	Mr.Suthisan Sirichanthorndirok Group <sup>4</sup>	7,406,815	7.51
5	NORTRUST NOMINEES LTD - CLAC	3,994,600	4.05
6	Ms.Wimol Saetiao	3,675,000	3.73
7	Mr.Sumet Techachainiran <sup>5</sup>	3,158,955	3.20
8	Ms. Rashaneewan Rawirach	1,680,000	1.70
9	Ms. Piyada Khunsongkiet	1,519,700	1.54
10	Mrs. Sansanee Chor Maithong	746,000	0.76
Total top ten major shareholders		75,764,185	76.85
Total no. of shares		98,568,485	100.00



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

Name	No. of shares	% of paid-up shares capital
Mr.Sannpat Rattakham	17,840,000	18.10
Ms.Yanakorn Rattakham	4,381,000	4.44
Mrs.Maneerat Rattakham	35,910	0.04
Ms.Pranee Rattakham	14,650	0.01
Mr. Komjek Rattakham	100	0.00
<b>Total</b>	<b>22,271,560</b>	<b>22.59</b>

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

Name	No. of shares	% of paid-up shares capital
นายสมชาย ลัทธิกุลธรรม	10,027,500	10.17
นางสาวมณฑุา ลัทธิกุลธรรม	4,660,835	4.74
นางสาวนศิชา ลัทธิกุลธรรม	4,410,000	4.47
<b>Total</b>	<b>19,098,335</b>	<b>19.38</b>

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

Name	No. of shares	% of paid-up shares capital
Mr. Thawatchai Lipithorn	4,719,520	4.79
Mrs.Kamolnan Lipithorn	3,864,500	3.92
Ms.Nuannapa Lipithorn	3,629,200	3.68
<b>Total</b>	<b>12,213,220</b>	<b>12.39</b>

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

Name	No. of shares	% of paid-up shares capital
Mr.Suthisan Sirichanthorndirok	4,042,500	4.10
Mr.Yutthachai Sirichanthorndirok	3,364,315	3.41
<b>Total</b>	<b>7,406,815</b>	<b>7.51</b>

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

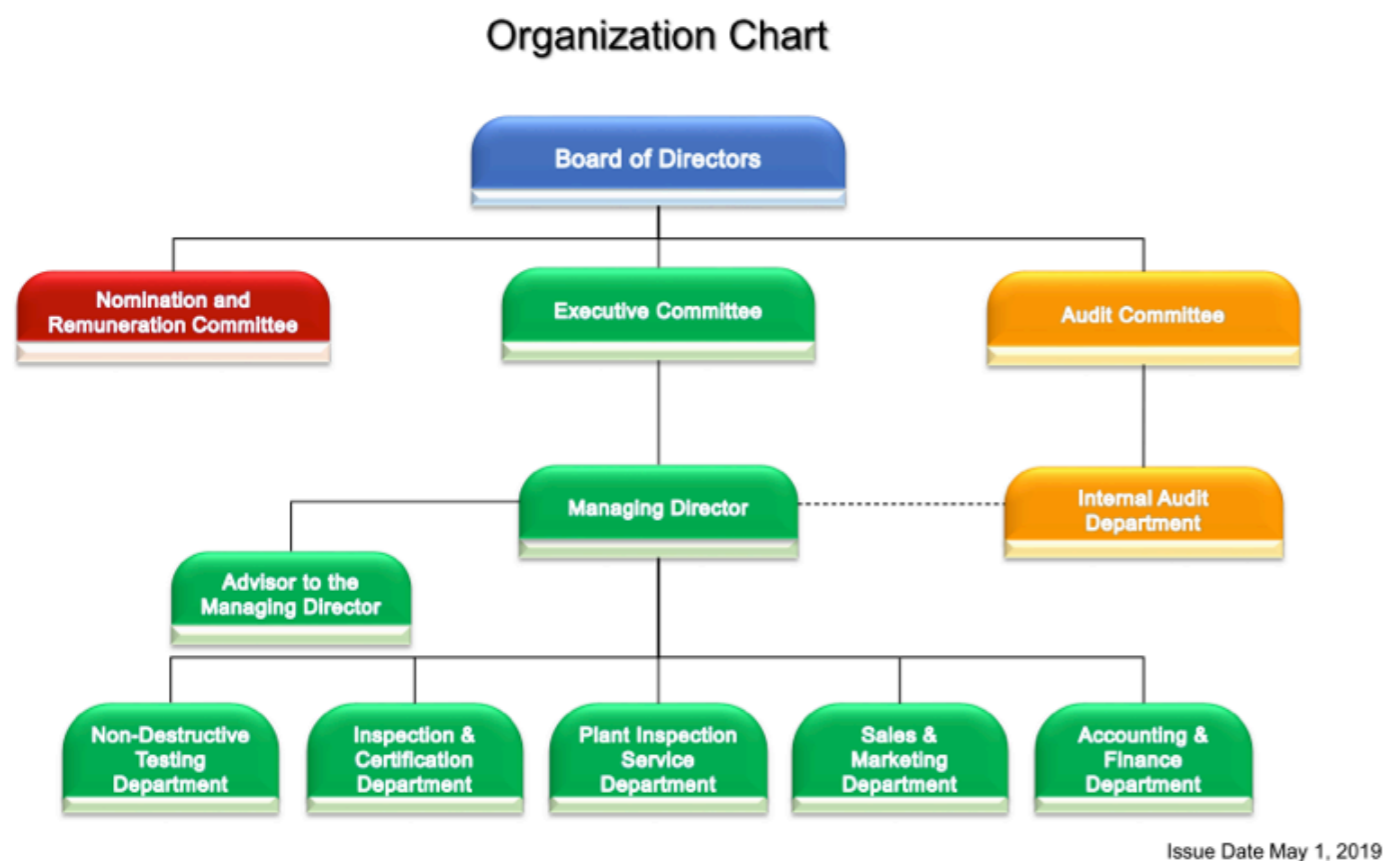
Name	No. of shares	% of paid-up shares capital
Mr. Sumet Techachainiran	1,835,055	1.86
Ms.Nattacha Techachainiran	1,323,900	1.34
<b>Total</b>	<b>3,158,955</b>	<b>3.20</b>

**◆ Policy on the Payment of Dividends**

The Company has a policy to pay dividends to the Shareholders at a rate not less than 40% of net profit after deducting the capital gains tax of the juristic person and reserves under the law. The Company may designate the dividend payment at a lower rate than the rate specified above.



◆ Management Structure



\* Mr. Sannpat Rattakham, Chief Executive Officer, has resigned from the staff position of Qualitech Public Company Limited, hereafter effective from 1 May 2019.

◆ Management Structure Board of Director, 2018

Rank	Name	Position	Education Qualification	Training on the functions and skills of director
1	Mr.Sannpat Rattakham	Chairman	Master degree	DAP
2	Mr.Somyos Chiamchirungkorn	Independent Director / Chairman of the Audit Committee / Chairman of The nomination and remuneration committee	Master degree	DCP
3	Mr.Tinakorn Seedasomboon	Independent Director / Member of the Audit Committee	Master degree	DAP,DCP,ACP,RCP,AACP
4	Mr. Somchai Jongsirilerd	Independent Director / Member of the Audit Committee/ The nomination and remuneration committee	Master degree	DAP
5	Mr. Sumet Techachainirañ	Director/Executive Director	Master degree	DAP
6	Mr. Somchaan Lubtikultham	Director	Master degree	DAP
7	Mrs. Maneerat Rattakham	Director/ The company's secretary	Master degree	DAP
8	Mr. Domdej Sripinproach	Director/Executive Director	Master degree	DAP
9	Mr. Thawatchai Lipithorn <sup>1</sup>	Director/Executive Director / The nomination and remuneration committee	Master degree	-

Note: 1. According to the resolution of the Meeting of the Board of Directors Number 7/2018, Mr. Thawatchai Lipithorn has been appointed as a Director on 10 November 2018 to replace Miss Rashaneewon Rawirat, a resigning Director.



◆ Directors completing the term and resigning during 2018

Rank	Name	Position	Education Qualification	Training on the functions and skills of director
1	Mr. Natee Boonpram <sup>1</sup>	Chairman Director/ Independent Director	Master degree	DAP
2	Ms. Rashaneewan Rawirach <sup>2</sup>	Director/Executive Director / The nomination and remuneration committee	Master degree	DAP

Note: 1. Mr. Nathee Boonpram has completed the term position as a Director according to the resolution of the Ordinary Meeting of Shareholders on 11 April 2018.

2. Ms. Rachaneewan Rawirach resigned from the position on 31 October 2018 and Mr. Tawatchai Lipithorn replaced the position accordingly on 10 November 2018

◆ Authorized directors on behalf of the Company:

The names and number of Directors having the authority to sign on behalf of the Company are: Mr. Sannpat Rattakham together with Mr. Sumet Techachainiran and stamped with the Company’s seal; or either Mr. Sannpat Rattakham or Mr. Sumet Techachainiran together with Mr. Thawatchai Lipithorn or Mr. Domdej Sripinproach, accounting for two persons, and stamped with the Company’s seal.

◆ The term of the 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 are selected by drawing lots. In the following years, the most senior Directors must resign. The resigned Directors may be re-elected.

◆ The 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 law, objectives and regulations of the Company with morality and for the benefit of the Stakeholders. The main powers, duties and responsibilities of the Board are as follows:

1. to convene a Shareholders’ Meeting —the Annual General Meeting — within 4 months after the last date of the Company’s accounting period;
2. to convene a meeting of the Board of Directors at least 3 times a month;
3. to prepare the Company’s statement of financial position and statement of comprehensive income at the end of the Company’s accounting period. The statements will be audited by the auditor and submitted to the Shareholders’ Meeting for consideration and approval;
4. to have the power to authorize one or several Directors or other persons to act on behalf of the Board by being under the supervision of the Board; or to authorize that individual to have certain authorities within the period that the Board deems appropriate. The Board may annul, revoke, modify or change the designation or the scope of authorization as and 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 the 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 any conflict of interests with the Company or its subsidiaries; except when such authorization is approved according to the policy and criteria that the Board has considered and approved, which must be in accordance with the law;



5. to 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 for which the law requires approval from the Shareholders' Meeting to first be sought, for instance capitalization, capital reduction, sale and ownership transfer of the Company in its entirety or a significant part to another party, purchase or ownership acquisition of other company by the Company, and modifying the articles of association or regulations. Moreover, the Board has within its scope of duties the supervision of the Company in ensuring its compliance with the laws on securities and stock exchange. Regulations concerning the stock exchange, for instance, connected transactions, 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. to consider the management structure, appoint the Executive Committee, Managing Director and other Directors as deemed appropriate;

7. to follow-up on overall operations ensuring they continuously align with the work plan and budgets;

8. a Director must not operate a business of the same type as the Company's or be in competition with the Company; or be a partner in a general partnership, or be a general partner in a limited partnership, or be a Director of a private company or other company of the same type as the Company's or be in competition with the Company, whether for his/her or any other party's benefits. An exception is when the Shareholders' Meeting has been informed prior to his/her appointment;

9. a Director must promptly inform the Company if he/she has an 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 companies were increased or reduced;

10. to be responsible for considering and approving policy and efficient procedure of anti-corruption to acknowledge employees.

## ◆ Audit committee

The Company's Audit Committee comprises the following 3 Directors:

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

With Mrs.WimolSaephung performs as Secretary to the Audit Committee

## ◆ Term of the Office of the Audit Committee Member:

The Audit Committee chairman and members have 3-year terms. In cases 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 of an Audit Committee member:

The Audit Committee of the Company is independent according to the following definition of the independence of an independent director:

1. holds shares not exceeding 1% of the total shares with voting rights of the Company, the Headquarter Company, subsidiaries, joint company or juristic persons.

2. is not a Director, employee, staff, advisor who receives salary, nor a controlling party of the Company, the Headquarter Company, subsidiaries, joint company, subsidiaries of the same rank or juristic persons. (presently and 2 years before taking office);

3. is not a person related by blood or affinity as father, mother, spouse, sibling, or child, as well as spouse of a child of management, major Shareholders, controlling party or the person who is in the process of being nominated as management or a controlling party of the Company or its subsidiaries;

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 independent judgment, including not being a major Shareholder, non-independent director or management, of any person having a business relationship with the Company, the Headquarter Company, subsidiaries, joint Mr. company or juristic persons with possible conflict.



5. is not the auditor of the Company, the Headquarter Company, subsidiaries, joint company or juristic persons that may have a conflict of interests, which may obstruct independent judgment, and is not a major Shareholder;

6. non-independent director or management of any person having a business relationship with the Company, the Headquarter Company, subsidiaries, joint company or juristic persons that may have conflict of interests;

7. is not the professional service provider, including legal service or financial advisor that receives a service fee of more than 2 million baht per year from the Company, its parent from the Company, the Headquarter Company, subsidiaries, joint company or juristic persons that may have a conflict of interests, and is not the major shareholders, non-independent directors, executives, management or managing partner of the professional service provider;

8. is not a Director who is nominated to act as representative of the Company's Board of Directors, major Shareholders, or any other Shareholder related to the major Shareholders;

9 is not involved in any other way which renders him/her unable to be independent of opinion;

10. is not a Director who is assigned by the Company's Board of Directors to make a decision regarding the business operations of the Headquarter Company, subsidiaries, subsidiaries of the same rank or juristic persons that may constitute a conflict of interests, and is not a Director of a registered company which is a parent company, subsidiary, associate or same-level subsidiary;

11. has the duties of the nature as stipulated in the Notification of the Stock Exchange of Thailand on the qualifications and scope of the work of the Audit Committee

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

Terms of reference of the Audit Committee:

1. to verify that the Company accurately and adequately reported its quarterly and annual financial statements by coordinating with the external auditor and management responsible for the 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. to verify that the Company has proper and effective internal control and internal audit system;

3. to verify that the Company conforms with the laws regarding securities and stock exchange, regulations of the stock exchange, or laws regarding businesses of the Company;

4. to consider, select, and propose an appointment, as well as propose remuneration to the auditors of the Company;

5. to consider the full and accurate disclosure of the Company's information as concerns connected transactions or items relating to conflict of interests;

6. to prepare the 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. to conduct any other work as assigned by the Board of Directors with consent from the Audit Committee;

8. to report the work of the Audit Committee to the Board of Directors at least every 3 months;

9. to be empowered to audit and investigate certain matters, as necessary, including seeking other independent professional opinions when deemed necessary, using the Company's expenses, in order to perform its duties and responsibilities successfully;

10. to control policies and procedures against corruption to ensure that the company complies with laws and a code of ethics.

#### ◆ Nomination and Remuneration Committee

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

Rank	Name	Position
1.	Mr.Somyos Chiamchirungkorn	Chairman
2.	Mr.Somchai Jongsirilerd	Member of the Committee
3.	Mr. Thawatchai Lipithorn	Member of the Committee

Note : With Mrs.Wimol Saephung performs as Secretary to the Nomination and Remuneration Committee

#### ◆ Term of the Office of the Committee

1. The Board of Directors appoints The Nomination and Remuneration Committee who will remain in office for a 3-year term and be eligible for reinstatement after the term has ended.

2. In the event that The Nomination and Remuneration Committee reaches their full term but the Board of Directors has not appointed a new Nomination and Remuneration Committee, the existing Committee members shall resume their duties until the new Committee members are appointed to replace the outgoing committee. Albeit, the appointment must take place within 3 months after the date the term has ended.

3 In the event that a position in The Nomination and Remuneration Committee becomes vacant before the end of a term, the Board may appoint a person who is qualified to take a position in the Committee. The replacement will take office up until the original term end of the person being replaced.

4. A Committee member will be removed from office in case of the following:



- (A) The term has expired
- (B) The member resigns
- (C) The member dies
- (D) The Board deems it fit the person be removed from office.
- (E) The member is no longer a Director of the Company

5. The Nomination and Remuneration Committee may resign prior to the end of their term by notifying the Company at least 1 month in advance.

#### ◆ Qualifications of the Committee

1. Act as the Company's Director
2. Be able to devote enough time and ability to work for the company at their full capacity.
3. Be just and fair in the search and selection of an individual who is suitable for each position.

#### ◆ The Scope and Responsibilities of the Committee

1. Set the qualifications for the positions on the Board of Directors and the positions of Managing Director and above.
2. Set the regulations and methods for the search and selection of the Board of Directors and the position of Managing Director and above.
3. Select and propose the Company's Director candidate to the Board of Directors or Shareholder's Meeting for approval. For the positions of Managing Director and above, the Committee refers to the Board of Directors for appointment.
4. Set the regulations for the remuneration of the Board of Directors and the position of Managing Director and above.
5. Set the annual remuneration for the Board of Directors and propose to the Board for endorsement and the Shareholder's Meeting for approval.
6. Allocate the annual bonus for the Board of Directors following the Shareholder's approval and report to the Board of Directors.
7. Evaluate the performance of the Managing Director to set up the annual remuneration and set the annual remuneration for the CEO and report to the Board of Directors.
8. Create a report of their performance and submit it to the Board of Directors at least once a year.
9. Review and revise the Committee's Charter and propose it to the Board of Directors for approval.

#### ◆ Executive committees

The Company's Executive Committee comprises 4 members:

Rank	Name	Position
1.	Mr.Sannpat Rattakham	Director
2.	Mr.Sumet Techachainiran	Director
3.	Mr. Domdej Sripinproach	Director
4.	Mr. Thawatchai Lipithorn	Director

#### ◆ Terms of the reference and responsibilities of the Executive Committee:

The Executive Committee has the powers, duties and responsibilities in overseeing the Company's normal operations and management, determining policies, business plans, budgets, management structure and the various management powers of the Company, as well as the 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 results of the Company's operations according to the specified policies. The main duties and responsibilities are as follows:

1. to operate and manage the Company's operations 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. to consider the determining policies, directions and strategies of the Company's operations; 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 the appointed working group, ensuring that it meets the set goals;
3. to consider the annual budget allocation as proposed by the managing unit, prior to submission to the Board of Directors for consideration and approval, including consideration and approval of the modifications and additions of the 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. to approve the payment of the Company for purchasing raw materials in its normal business within the 50 million baht limit (fifty million baht only);
5. to approve the payment of the Company for purchasing the equipment and fixed assets



for normal operations within the 20 million baht limit (twenty million baht only);

6. to approve the Company's sale and provision of services in the course of normal business such as approval for sale of merchandise and the conclusion of hire contracts in the course of normal business, within the 150 million baht limit (one hundred and fifty million baht only);

7. to approve the 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. to approve a 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 the course of 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 operations, within the 150 million baht limit (one hundred and fifty million baht only);

9. to approve a decision to mortgage or place as collateral the Company's assets for the purpose of guaranteeing the existing or future debts of the Company, within the 20 million baht limit (twenty million baht only);

10. to approve a decision to buy and sell investment units, open-end government bonds fund or money market fund by submission to the Board of Directors for their information in the next meeting;

11. to approve payment for any major investment stipulated in the annual expense budget, as authorized by the Board of Directors or approved by the Board of Directors in principle;

12. to act as advisory committee for the management unit on policies concerning finance, marketing, personnel management and other operations;

13. to determine the organizational structure and organizational management power, including appointment, hiring, dismissal, transfer, determining wages, remunerations and bonuses for employees and executives;

14. to have the power to authorize one or several members of the Executive Committee or other persons to perform certain acts, by being under the supervision of the Executive Committee; or to authorize such persons to have specific authorities within the period that the Executive Committee deems appropriate, of which the Executive Committee may annul, revoke, modify or change the designation or the scope of authorization as it deems appropriate;

15. to acquire shares or invest in other companies worth a financial amount not exceeding 5 million Baht;

16. to approve loans to subsidiaries of a financial amount not exceeding 5 million Baht;

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

18. to manage and promote a supportive system for anti corruption policy to be able to communicate to all relevant units, and consider and revise the systems and procedures to be in

line with the business, laws and regulations.

The Executive Committee must not consider and approve items that it has interests in, or that has any conflict of interests with other companies or its subsidiaries, 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 the decision of the Board of Directors.

Moreover, the Executive Committee may authorize the Chief Executive Officer 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 another company or its subsidiary.

### ◆ Terms of Reference and Responsibilities of the Chief Executive Officer

1. Supervise and approve the Company's standard operations while delegating to the Managing Director, executives, and other relevant staff to oversee the daily operations of the company. To act on behalf of the Chief Executive Officer in specific instances under the responsibility of the CEO as of times he deems appropriate, whereas the CEO may cancel, revoke, or amend such powers.

2. Operate the company in accordance with the policy, plan, and budget approved by the Board of Directors and/or Committee

3. Act as the authorized person of the company to carry out the Company's business in accordance with the objectives, regulations, policy, and announcement, resolution of the Shareholder's Meeting and/or the resolution of the Board's or Committee's meeting.

4. Have the power to sub-authorize or appoint others to perform specific tasks. Such sub-authorization or appointment shall fall under the scope of authorization or regulations and rules or order by the Board or Company.

5. Track and evaluate the Company's performance regularly to prevent risk from multiple factors, internal or external.

6. Consider the Company's business contracts and other contracts beneficial to the Company's business. Set the methods and process for the making of such contracts and propose to the Board of Directors or Committees.

7. Approve budget spending on the Company's regular purchases for business operations, raw materials with bill purchase values of less than 30 million Baht (thirty million Baht only), and



the procurement of tools, equipment, or permanent property used for operations with bill purchase values of less than 10 million Baht (ten million Baht only).

8. Approve the sales and service provisions in the course of the Company's regular business such as the approval of the sale of goods, entering into contracts, accepting business orders for bill values not exceeding 100 million Baht (one hundred million Baht only).

9. Allocate bonuses and rewards as approved by the Board of Directors to the employees of the company or other parties conducting business for the company.

10. Set the organization structure and organization administration, and the appointment and employment, dismissal, transfer, and remuneration and bonuses of employees in executive positions.

11. Authorized to approve a loan not exceeding 2 million Baht (two million Baht only).

12. Authorized to conduct and perform the completion of the above tasks.

13. Authorized to sign and certify various relevant documents.

14. Conduct and perform other duties as assigned by the Board of Directors or Committee as pertain to specific cases.

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

1. to supervise operations and/or manage the day-to-day work of the Company;

2. to implement or carry out work in accordance with the policy, plan and budget approved by the Board of Directors and/or Executive Committee of the Company;

3. to act as an authorized person of the Company in managing the Company's business to fully comply with the objectives, articles of association, policies, regulations, rules, orders, decisions of the Shareholders' Meeting and/or decisions of the Board of Directors and/or Executive Committee;

4. to be entrusted with the power to authorize and/or designate any person to carry out specific tasks on his/her behalf. Such authorisation and/or designation shall be within the scope of the power entrusted and/or shall be in accordance with the regulations, rules or orders as stipulated by the Board of Directors and/or the Company;

5. to regularly follow up and evaluate the performance of the Company in order to reduce any risk to the Company caused by internal and external factors;

6. to consider the concluding of contracts related to the 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 or the Chief Executive Officer;

7. to approve payments of the Company's purchases in the course of its normal business, with the purchase value of raw material per instance being less than 10 million Baht (ten million

Baht only) and 5 million Baht (five million Baht only) for permanent property or tools and equipment;

8. to approve normal business sales and service provisions such as approving the sale of merchandise and approving the conclusion of hire contracts in the course of normal business within the 50 million Baht limit (fifty million Baht only);

9. to 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 on behalf of the Company;

10. authorized to hire, assign and appoint as well as transfer staff to different chains/divisions/departments, or to dismiss, determine wages, remunerations, bonus, welfare relating to all staff of the Company except for senior executives;

11. authorized to issue orders, regulations, notifications and memorandum to ensure that work has been undertaken in line with the Company's policy and for the Company's benefits, and that the regulations and disciplines of the organisation have been observed;

12. authorized to conduct and perform the completion of the above tasks;

13. authorized to affix the signature for the certified copy of related documents;

14. to conduct and perform other duties assigned by the Board of Directors or Committee as pertain to specific cases.

The CEO and Managing Director may not approve any transaction where their own benefits are involved or where there is a conflict of interest with the company, unless such approval is in accordance with the policy and regulations approved by the Board of Directors or Shareholder's Meeting and adheres to the rule of law. The Board of Directors may cancel, revoke, amend, and change the power of the CEO and Managing Director by resolution of the Board of Directors Meeting.

Furthermore, the CEO and Managing Director may authorize company staff to hold the power and responsibility to conduct work whereby the details of such authorization must be in accordance with the regulations set and approved by the Board of Directors and Managing Director. Such authorization must not be to an individual whose benefits are intertwined or how has a conflict of interest with the Company or its subsidiaries.

#### ◆ Selection Process for Executives from Managing Director Level and Above

The Company has formed the Nomination and Remuneration Committee to consider and propose policies relating to the Directors, members of each committee and Executives from Managing Director Level and above. The search and nomination is based on qualifications, skills,



experience and ability to contribute to the Company. The Shareholders then vote to appoint the Director by majority in accordance with the following criteria:

1. A Shareholder shall have the number of votes corresponding to the number of shares that he holds (one share, one vote);

2. In the process of selecting the 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 rights as stipulated in item 1 above; however, the number of votes of the Shareholder, no matter how many votes he/she 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 the casting vote.

## ◆ Remuneration of Directors and Executives

### (1) Monetary remuneration

#### Remuneration of Directors

The 2018 General Meeting of Shareholders on the 11th of April 2018 set the remuneration for the Company's Directors, Audit Committee, The Nomination and Remuneration Committee, and Executive Directors who are not regular officers in the form of the Meeting Attendance Fee and monthly salary with the details as follows

Position	Meeting allowances
<i>Board of Director</i>	
Chairman	16,500 Baht/per time
Director	11,000 Baht/per time
<i>Audit Committee</i>	
Chairman of the Audit Committee	13,200 Baht/per time
Member of the Audit Committee	11,000Baht/per time
<i>The nomination and remuneration committee</i>	
Chairman of The nomination and remuneration committee	13,200 Baht/per time
Member of The nomination and remuneration committee	11,000 Baht/per time
The salary for Directors who are not a regular officer is set at	10,000 Baht/per month

The Pension of Directors shall be paid at a rate not exceeding 3 million Baht per year. The remuneration for each Director will be determined by The Nomination and Remuneration Committee

#### Attendance of the Meeting of Board of Directors in 2018

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



Directors' Remunerations in 2018

No.	Name of the Board of Directors	Meeting allowance	Pension	Remunerations of monthly	Total
1	Mr. Natee Boonparm	33,000.00	34,207.53	-	67,207.53
2	Mr. Somyos Chiamchirungkorn	156,200.00	161,915.62	-	318,115.62
3	Mr. Tinakorn Seedasomboon	121,000.00	125,427.59	-	246,427.59
4	Mr. Somchai Jongsirilerd	143,000.00	148,232.61	-	291,232.61
5	Mr. Sannpat Rattakham	104,500.00	108,323.83	-	212,823.83
6	Mr. Sumet Techachainiran	77,000.00	79,817.56	-	156,817.56
7	Ms. Rashaneewan Rawirach	88,000.00	91,220.07	100,000.00	279,220.07
8	Mr. Somchaan Lubtikultham	77,000.00	79,817.56	-	156,817.56
9	Mrs. Maneerat Rattakham	77,000.00	79,817.56	-	156,817.56
10.	Mr. Domdej Sripinproach	77,000.00	79,817.56	-	156,817.56
11.	Mr. Thawatchai Lipithorn	11,000.00	11,402.51	20,000.00	42,402.51
<b>Total</b>		<b>964,700.00</b>	<b>1,000,000.00</b>	<b>120,000.00</b>	<b>2,084,700.00</b>

Note: 1. Mr. Natee Boonparm completed the term position as a Director according to the resolution of the Ordinary Meeting of Shareholders on 11 April 2018.

2. Ms. Rashaneewan Rawirach resigned from the position on 31 October 2018 and Mr. Tawatchai Lipithorn replaced the position accordingly on 10 November 2018.

Directorial remuneration summary for 2017 and 2018

Remuneration	2018		2017	
	Person	Baht	Person	Baht
Meeting allowances	11	964,700.00	10	922,900.00
Pension	11	1,000,000.00	10	1,200,010.00
Remunerations of monthly	2	120,000.00	1	90,000.00
<b>Total</b>		<b>2,084,700.00</b>		<b>2,212,910.00</b>

Remunerations of the Executives

Eight executives at the level of manager of a division or at a more senior level received remunerations, i.e. salary and bonus, from the Company totaling 21,917,822.34 Baht in 2018.

(2) Other Remunerations

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

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

Personnel

The number of personnel as of 31 December 2018 in the Company and Subsidiaries was 444 people as shown below.

Institute	Number of Personnel	
	2018	2017
1. Executive Department	8	8
2. Operation Department	343	417
3. Support Department	93	73
<b>Total</b>	<b>444</b>	<b>498</b>

Employee Returns

Employees of the Company and Subsidiaries receive return in cash and non-cash forms such as salary, annual bonus, OT, allowance, active payment and other welfare benefits in the form of cash. Essential non-cash returns include provident funds, loan funds for employees, social security, group life and health insurance, annual medical checkups, contributions, uniforms, employee shuttles, and educational subsidies for employee's children. Moreover, the company also supports the expenses of training as well as seminars for both internal and external training.





## Corporate Governance

Qualitech Public Company Limited is well aware of the importance of compliance with the principle of good corporate governance in the operation of its business. Thus, the Board of Directors has implemented its policy for the Directors of the Company to comply with the principles and best practices in line with the Code of Best Practices for Directors of a Listed Company in accordance with the guidelines of the Stock Exchange of Thailand. In this regard, 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 covering the equality and rights 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 conducting business. This is to ensure the efficiency and transparency of the management and operation of business of the Company. The principle comprises the following 6 chapters:

### Chapter 1 Shareholders' Rights

The Company is aware of and places as high priority Shareholders' rights by not acting in any way to violate or deprive them of such rights and by supporting the Shareholders in exercising them. The basic rights of the Shareholders consist of purchasing, selling or transferring of share, receiving profits from the Company, receiving sufficient information and data of the Company, participating in meetings, including voting in the Shareholders' Meeting to remove a Director, appointing an auditor, and participating in any matter that affects the Company, such as the allocation of dividends, formulation or amendment of articles of association and memorandum of association, capital reduction or capitalisation, and the approval of any special programmes.

In this regard, the Company performs the following actions to promote and facilitate the exercising of the Shareholders' rights:

- The Company stipulates that an arrange Annual General Meeting be held once a year within no more than 4 months after the end dates of the Company's accounting year so that Shareholders can participate in monitoring and inspecting the operation report of the Company in the previous year.
- The Company prepares complete meeting documents for the voting support of Shareholders by revealing information to Shareholders in advance through the information reporting system of the Stock Exchange of Thailand and on the Company's website.
- The Company assigns the Thailand Securities Deposit Company, Limited which is the security registrar of the Company, to deliver an invitation letter to the meeting with details attached relating to the agenda items at least 21 days before the meeting date, in addition to publicizing the invitation letter to the Shareholder's Meeting with details on the Company's website before



sending out the invitation letter and advertising in the newspaper for 3 consecutive days to make shareholders aware.

- The Company facilitates shareholders who desire to receive a copy of the annual report through contact via channels such as email, telephone, fax and return envelopes that the Company sends out by post immediately upon request. This is in addition to copies being prepared for the Shareholders in attendance at the meeting.
- The Company must not add any additional agenda items without prior notice to the Shareholders or deprive them of their right to express their opinions and questions before making such decisions.
- During each Shareholders' Meeting, the Chairman of the meeting shall inform the attendees of the relevant rules concerning the procedure of the meeting, including those related to the voting and allocation of sufficient time for the meeting.
- The Directors of the Company have to attend the Shareholders' Meeting, answer the questions clearly and directly. In addition, the Accounting and Finance Division Manager jointly answers questions related to financial statements.
- Shareholders are allowed to submit questions or suggestions prior to the meeting as well as to express their opinions and file questions prior to 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 an independent director or any person to attend the meeting as a proxy;
- The Company will record any important issues or opinions in the report of the meeting as 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 the Shareholders of the Company to trade the securities they are holding freely.
- The Company entitles Shareholders to accept the share certificate and right of transfer.
- The Company provides the Shareholders the right to vote equally.
- The Company entitles Shareholders to receive sufficient and punctual information in forms suitable for decision-making.
- The Company provides the opportunity to minor Shareholders to nominate a person to a position on a committee in advance and at an appropriate time.
- The Company entitles Shareholders to appoint and demote the committee.

- The Company entitles Shareholders to agree with the auditor appointment and audit fee specifications.
- The Company entitles Shareholders to receive profit share from the Company in the form of dividends.
- The Company has attached the proxy form (Form B.) with the Invitation to the Annual General Meeting of Shareholders, which is intended for Shareholders unable to attend to follow the voting directions, by giving the right to attend and vote to independent directors or another individual.
- The Company provides the Shareholders with the right to propose agenda items for the meeting and candidates for the director election prior to the Annual General Meeting of Shareholders.
- The Board of Directors shall not include any additional agenda items for the meeting, without advance notice to the Shareholders, particularly those important agenda items that require time for the Shareholders to study the information before making a decision.
- The Company does not permit the use of the Company's data. Any agency holding the 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 persons is considered as a serious wrongdoing and shall be subject to disciplinary punishment. In addition, the Company has a policy and method to scrutinise 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 on the Use of Internal Data.
- Directors and Executives of the Company who are Shareholders shall disclose data relating to their own interests for each agenda item so that the Shareholders' Meeting will be able to consider any transactions in which a conflict of interest may arise and to decide for the benefit of the Company as a whole. The Directors and Executives who have such personal interests shall not be permitted to vote on the relevant agenda item at the meeting. The Company will compile the agenda item information and publish it on the Company's website at [www.qualitechplc.com](http://www.qualitechplc.com) (click investors relations > shareholder information > shareholders' meeting invitation letter) 30 days prior to the meeting so that Shareholders have sufficient time to study the information well in advance.



### Chapter 3 The 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 operating its business to the best of its ability by using knowledge and management skills and by upholding the values of honesty and fairness for the benefit of all Shareholders as a whole, as well as by regularly disclosing complete and accurate data.

**Staff:** The Company provides fair remunerations to the staffs whom are the crucial factor behind the Company's success. Thus, the Company emphasises fair treatment both in terms of career opportunity and compensation by using the Key Performance Index (KPI) as a measurement, maintains a working environment that is safe for life and property, places importance on the capacity building of the staff thoroughly and on a regular basis, strictly complies with laws and regulations relating to the staff, including omitting any act that is unfair and that may affect the employment security of the staff, as well as treating members of staff politely and respecting their human dignity.

**Customers:** The Company is committed to delivering products and services with quality, meeting standards, and at reasonable price, to strictly and regularly ensure client confidentiality, to continuously seek out business opportunities to benefit clients and to strictly honour the conditions agreed with the clients.

**Traders and Creditors:** The Company shall not commit any fraud in dealing with traders or creditors and is committed to strictly complying with the conditions agreed with the creditors, whether they are related to the purpose of payment, reimbursement, securities, guarantees, business negotiations 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 data in the form of competitors' trade secrets and shall not defame its trade competitors by maliciously making any false claims.

**Public Society:** The Company will not take any actions that cause damage to society and will foster social responsibility among employees at every level continually and seriously along with practices or controls against any serious action according to the law and regulations issued by governance institutes including seeking opportunities to support creative activities within the community.

**Environment:** The Company will not take any actions negatively impacting natural resources and the environment and support employees at every level to recognise the importance of utilizing resources effectively with all employees and the relevant parties being able to participate in environmental stewardship.

Complaints or comments can be made to the Company through the following channels:

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

Qualitech Plc. 21/3 Banplong Road, Maptaphut, Muang, Rayong 21150.

Employees can complain or make suggestions to the Operation Committee via the internal email of the Company.

### Chapter 4 Disclosure of Data and Transparency

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

The Board of Directors is aware of its responsibility to financial reporting that is accurate, complete, true and reasonable. The Company's budget is determined in accordance with certified accounting standards, with a suitable accounting policy. The record of accounting data must be accurate, complete and sufficient in order to help keep an up-to-date record of the assets and to acknowledge any weak points which will then prevent material fraud or irregularities. The Company always adheres to this practice, including sufficiently disclosing important data as appears in the remarks of the budget. Furthermore, the Board of Directors also appoints the audit committee to examine the financial report, check against the list and inspect the internal audit system. In this regard, the audit committee will report on the results of the examinations to the Board of Directors at every Board meeting. At all events, the report of the Board of Directors, the Audit



Committee and the Auditors, along with the Directors' name list, duties and responsibilities, and tenure are disclosed in the Annual Report.

As regards investor relations, the Company is yet to establish a unit responsible for investor relations; however, it has entrusted Managing Director and Accounting and Finance Department Manager to contact Shareholders, analysts and other relevant individuals.

## Chapter 5 Responsibilities of the Board of Directors

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

The Board of Directors consists of Directors who are knowledgeable, competent and have experiences in business benefiting the Company and without any record of failure to abide by The Securities and Exchange Commission regulations. The Board of Directors is appointed by the Shareholders' Meeting comprising no less than 9 Directors, whereas the number on the Auditing Committee must be at least one-third of the Board with at least one with 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, with no less than 3 in total, be independent directors, acting on behalf of minority Shareholders in examining and keeping the balance of the business management of the Company to ensure soundness, fairness and maximum benefit for the Shareholders. The Directors are allowed to take a position on a committee in other listed companies, but in excess of 3 companies.

### (2) Subcommittees

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

- The Executive Committee, comprising no less than 3 persons, responsible for facilitating management, with the terms of reference mandated by the Board of Directors
- The Audit Committee, not less than 3 persons, responsible for examining financial reports, comprising cross-transactions and an internal control system and assisting in supervising the operations of the Company, with the terms of reference mandated by the Board of Directors. Every member of the Committee shall possess the qualifications as stipulated by the Security and Exchange Law or by the rules, notifications, orders or regulations of the Security and Exchange Commission.
- The Nomination and Remuneration Committee must consist of no less than 3 persons, comprising at least 2 independent directors. The Chair for The Nomination and Remuneration Committee must be an independent director who shall perform the task of nomination and remuneration for the Board of Directors and Executives from the Managing Director level and above.

Currently, Qualitech Public Company Limited has not appointed a Corporate Governance Committee as a subcommittee and it is the duty of the Company's committee to supervise works in accordance with the good practices of an authorized company to cover the regulations of each section by

assigning the administration department to manage work strictly adhering to the policy of the corporate governance of the Company.

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

### (3) Roles, Duties and Responsibilities of Directors

The Board of Directors is responsible for setting the policy, vision, strategy, aim, mission, business plan and budget of the Company. It also supervises management to be in line with the policy, efficiently and effectively as by law, the objectives and the articles of association of the Company as well as the decisions of the Shareholders' Meeting. The Board of Directors has designated the guidelines for the following matters:

#### *Policy for Corporate Governance*

The Board of Directors has had its policy for corporate governance put in writing. The policy shall regularly undergo any needed revision and implementation at least once a year.

#### *Practices regarding No Piracy*

The Company operates by not infringing the intellectual property or copyright of other persons or parties by specifying and disseminating the following guidelines:

- Work from operations belongs to the intellectual property of the Company.
- Employees shall use only computer software authorized by the Company to prevent any intellectual property violations.
- Work or data that belongs to an external party to be used by the Company shall be inspected to ensure that it is not in violation of the intellectual property of any other party.
- Employees shall not bring or take part in or perceive matters contrary to law that are deemed intellectual property infringement as stipulated in the Copyright Act B.E. 2537 or other relevant laws to be used in the course of business of the Company.

#### *Business ethics*

The Company provides codes of conduct relating to business ethics for the Board of Directors, Audit Committee and practitioners in each unit. The principal issues relate to company confidentiality, acting in good faith and in accordance with the law, respecting each other's rights and looking after the resources both within the Company and the external environment. The emphasis on business ethics will contribute to working in good faith. It will also help internal supervision be more efficient, further raise credibility in the capital market and build confidence for investors.



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

The Company has set policy relating to the 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 individuals known on a personal level. The policy covers 2 issues:

Related transactions: The Company carefully considers the suitability of every related transaction before taking action, including the price determination and conditions of the related transaction, as if it was dealing on an arm's length basis. The Audit Committee considers the necessity and reasonableness of the transaction. When the Company or affiliated companies conclude the related transaction and if the transaction in question is stipulated in the "Notification of the Security and Exchange Commission of Thailand Re: Disclosure of Information and Other Acts Listed Companies Concerning the Connected transactions 2003", the Company shall comply with the criteria, conditions and methods of that Notification, including disclosure of the transaction in the annual report and the annual data form for the transaction (form 56-1). This results in the greater transparency in concluding related transactions and eliminating any problems arising out of the conflict of interests and other situations that result in a conflict of interests.

#### Other Situations Resulting in a Conflict of Interests

1. In general investment, the Company does not permit personnel who are Shareholders or derive benefit from competitor companies or traders having business with the Company to engage in decision making relating to business matters with such businesses except where the Board of Directors has approved otherwise.
2. In receiving gifts, personnel at every level should not receive gifts, travel tickets, sporting event tickets, recreation proposals, accommodation or other personal proposals if such an act will lead to commitments for the Company or cause the Company to lose any benefit.
3. In doing academic work, public services, being speakers or taking up any position, personnel at every level of the Company can request 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 that of the Company's Director, consultant, that will help expand the vision and gain further experience for the personnel. However, the personnel shall not engage the Company or use their position at the Company for such activities except where permitted to do so.

#### *Internal Audit and Risk Management*

The Company has an internal audit system ensuring confidence among investors that the Company conducts business efficiently while also consolidating the credibility of the financial statement. The Company has an internal audit unit which evaluates risks and reviews the internal audit annually. Mrs. Wimol Saephung, an internal auditor of the Company, is secretary to the Audit Committee who, at least every 3 months, presents the results of the internal audit to the committee for its consideration.

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

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

The Board of Directors of the Company meets at least once every 3 months and may have additional meetings where necessary. The Board shall be presented with a report on work every month so that it can supervise, control and oversee the conduct of management continuously and promptly. A written invitation for the meeting is sent to the Directors for their consideration at least 7 days prior to the meeting except where it is necessary or urgent to protect the Company's rights or benefit. The Directors may request additional necessary detailed information from the Company Secretary.

The Chief Executive Officer and Managing Director will consider each agenda item and reach consensus by giving the opportunity to each Director to present any relevant views or pertinent information. For some agenda items, the Chief Executive Officer may attend the meeting to provide any necessary and additional information.

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

The Company has a policy to set the remunerations for the Directors, whereas The Nomination and Remuneration Committee shall set the remunerations for the Directors and Auditing Directors at a level so as to incentivise and retain quality and qualified Directors as required. Remunerations are set at a level comparable with that of the industry mean and relative to the results of the Company operations. However, The Nomination and Remuneration Committee shall report to the Board of Directors for their consideration. The Shareholders' Meeting approves the remunerations of the Directors annually.

For the remunerations of the Director and above, The Nomination and Remuneration Committee shall consider the remuneration as fits the terms of reference in accordance with the criteria and policy set by the Board of Directors for the maximum benefit of the Company. The level of the remunerations, being salary,



bonus and long-term incentives are relative to the results of the Company and the individual performance of executives.

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

The Board of Directors supports and facilitates the training and education of those in the Company's supervision system, such as the 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.

Every time when a new Director takes his post, the secretary of the Company shall arrange for documentation with useful data on the performance of the new Director, and introduce the nature of the business and the trends in operations to the new Director.

#### Training / Seminar of the Company's Directors in 2018

No.	Course	Date	Institute	Name of the Board of Directors
1	Technique in creating outstanding work using advanced Excel	29 Jan 2018	The Federation of Thai Industries	Mr. SannpatRattakham
2	Vietnam – the next destination for investment in Asean. “Binh Yeung” – a manufacturing hub adjacent to Ho Chi Min. Smart City – just the right location for investment	21 Mar 2018	The Federation of Thai Industries	Mr. DomdejSripinproach
3	Seminar on the roles and duties of the Department of Industrial Works towards Industry 4.0	23 Mar 2018	Department of Industrial Works	Mr. Sumet Techachainiran
4	Criteria and method for testing and inspecting the pipeline transportation of petroleum gas	03 Apr 2018	Department of Energy Business	Mr. Sumet Techachainiran
5	Hearing of opinions about the draft of ministerial regulations regarding the specification of the fee rate for the professional practice of control engineering	26 Apr 2018	Council of Engineers	Mr. Sumet Techachainiran

#### Chapter 6 Anti-Corruption Policy

The Company operates business by employing its competitive strategy fairly, transparently and by upholding the high quality of service and always working in strict adherence to the relevant laws under the business values of “Reliability, Safety, Agility, Customer Focus and Quality”. Therefore, the Company recognises the importance and determination of every form of anti-corruption and the Company's committee stipulates anti-corruption policy to declare the intentions of the Company so as to insist on a position against corruption and have a target for every employee in the organization along with the relevant parties to understand the anti-corruption principles under the same policy. The Company was certified by Thailand's Private Sector Collective Action against Corruption (CAC) on 22 July 2016.

Anti-corruption policy specifies that the committees, executives and employees of the Company, subsidiaries and joint ventures along with other enterprises that have the power of regulation including individuals relevant to the business's operation strictly abide by the policy. Nevertheless, the Board of Directors revises the anti-corruption policy every year, and this policy is disclosed to the public on the Company's website at [www.qualitechplc.com](http://www.qualitechplc.com) (Investor Relations > Anti-Corruption Policy).

#### Supervision of the Use of Internal Data

The Company has the policy and method of scrutinising the Directors and Executives who use the data 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 the holding of securities by themselves, their spouse and children under legal age, in accordance with Section 59 and the punishment provision, Section 275 of the Security and Exchange Act 2016 (issue 5);
2. The Company requires the manager, the next four management levels of personnel under the manager and equivalent personnel, as well as the accounting and finance department manager or above to comply with Section 275 of the Security and Exchange Act 2008 (issue 4) so that the Company is able to scrutinise the buying and selling of all the Executives;
3. The Company shall circulate a written notification to the Executives stating that executives who are informed of important internal data which will influence change in the value of securities shall cease any buying or selling of the securities of the Company within 1 month prior to the disclosure of the budget or such information to the public. Furthermore, they shall not disclose such important data to other persons. 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 individual who commits such an act is a less senior executive, the Executive Committee will consider the measures for punishment of such an individual.



# Corporate Social Responsibility

## Corporate Social Responsibilities (CSR)

Qualitech Public Company Limited is committed to undertaking business with good governance, with the intention of morally running the business accompanied by a focus on internal and external corporate social responsibilities. This is one of our strategies to ensure continuity in business development which covers the control and development of personnel, the running of the business equitably for every party, ongoing consideration of the safety and quality of our services, actions to develop the community, effective utilization of natural resources and also to maintain and raise awareness concerning environmental conservation.

Our Company fully acknowledges that we undertake business in engineering and safety inspection services by providing Non-Destructive Testing, Inspection and Certification services in compliance with international standards and law. It is our priority and responsibility to strictly follow the safety standard system in Thailand and overseas, as aligns with our Company value of "Reliability, Safety, Agility, Customer Focus and Quality."

The Office of The Securities and Exchange Commission reports on the principles. In addition, our Company attempts to complete and revise Corporate Social Responsibilities contents on an annual basis.

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

The Company is committed to dealing impartially with clients, trading partners and interested parties. To be fair to every party, we run business equitably and also stand against corruption. We've created the Company's Code of Conduct which has been approved by the Board of Directors and is summarised below;

- The Company adheres to the rule of law in running business. The Board of Directors, Executives and employees shall understand the Company regulations and relevant laws including laws coming into effect which affect administrative management and working principles. The Board of Directors, Executives and employees shall work strictly under the Company's regulations and relevant laws, in addition to avoiding any actions which may adversely affect the Company's reputation.
- The Board of Directors, Executives and employees shall not seek competitors' trade secrets or specific details by infringing on data privacy or breaking any agreement not to disclose clients' details or other confidential information.
- The Company's details are open to all concerned parties under the law and the Company's regulations as well as clients' confidential details including the provision of sufficient details and actual supporting documents in accordance with The Office of The Securities and Exchange Commission for all Shareholders to be able to fairly evaluate our Company.

- In the case the Boards of Directors, Executives or employees do something involving the Company, the Company will act as though this action is between the Company and a third party that lacks authority for approval.
- The Board of Directors, Executives or employees do not accept bribes in term of money, benefits or objects from business partners if it is perceived that the receivers have in mind a special relationship with givers that may cause harm to the Company or interested parties.
- The Board of Directors, Executives or employees shall work with honesty and without prejudice and not abuse their authority or responsibility in advancing their own benefit or that of others.
- The Board of Directors, Executives or employees shall fully support applications to protect its intellectual property in terms of patents, copyright and the Company's trademark, while also not infringing upon the intellectual property of competitors.
- The Board of Directors, Executives or employees shall maintain impartiality and not discriminate in terms of employment such as recruitment, reward and benefit consideration, job promotion, job transfer, work performance evaluation, job training, adherence to regulations, employee termination, recruitment and participation in community events.

### (2) Respect human rights and labor practices

The Company emphasizes the impartial treatment of its employees. The Executives pay attention to all levels of employees no matter where they graduated from. Employees will receive equal opportunities as depends on the fairness of the reward system. Furthermore, the Company is willing to support the personnel development in their career path, encourage employees to express their opinions by providing an opinion box and also provide benefits, as well as annual recreation events to support the better quality of life among employees.

#### Employment

The working day and times for employees is divided into 2 categories as follows:

1. Working hours in the office from Monday to Saturday 08.00–17.00
2. Working hours on site depending on the client's agreement in accordance with Labor Law (1998) and all related laws.

The nature of conducting inspection services onsite, according to the client's wishes, is that it is difficult to specify the exact working dates and times. Therefore, the operator shall work in accordance with the clients' agreement. Due to the flexible working dates and times, the Company provides suitable work rewards for the operators.

For recruiting new employees, the Company considers education, qualification, experience and performance. Candidates shall pass a written examination, math examination, English test, computer skills test and also a face-to-face interview. Candidates who pass the examination shall work as trainees with a



probation period of 119 working days, during which the candidates are assessed as to whether they have the potential and suitable qualifications for working in the given position or not.

#### Rewards and benefits management

The Company has clear reward and benefit regulations for employees by specifying and constantly revising standing instructions. The Company has a payment policy for employees in terms of monthly salary, work rewards, direct position, overtime, and specific certification. This covers:

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

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

#### Personnel development

The Company is committed to developing personnel because they are a significant factor in driving the business toward achieving its goals and motivating the organization to achieve sustainable business development. As a result, the Company focuses on personnel development from the commencement of employment until retirement as detailed below:

- Arranges various orientations concerning basic company information, the Company's scope of work, working regulations, safety induction, anti-corruption, business morality and the Company's values.
- Organizes technical training such as technical training for best practices in operation such as Basic Welding for Welding Inspector, Radiation Test, Ultrasonic Test, Magnetic Particle Test, Penetrant Test, Working in Confined Space and Basic Radiation Safety Prevention,

Visual Test, Working at Height Safety, and ECT Level to develop operators' specific technical skills so as to perform their job appropriately and skilfully.

- Arrange supporting course for management's skill such as Costing for Bidding, Team Building Business Plan etc.
- General Training for daily life such as Basic First Aid and Rescue, Basic Fire Fighting and safe driving technique.
- Encouraged employees to plan their career paths in 2018, establishing the Development Plan and Succession Plan as guidelines for the year 2019.
- Annually schedule a training plan with appropriate budgeting in advance for effective training. In 2018, the company organized internal training and delivered personnel to train with outside training institutions for 119 curriculums (In-House training 86 curriculums and Public training 33 curriculums) covering all employees in every department.
- Follow up on employees after training to ensure that they fully understand the content from the training course. Issue certificates and appoint re-certification periods.

#### Occupational Health, Safety and Environment at Work

The Company recognizes importance of safety concerning the lives and occupational health of employees along with any other relevant matters; therefore, the Company stipulates universal standards in occupational and safety management as guidelines to construct and ensure a good environment for work.

The Company strictly adheres to the regulations by having the Committee of Safety, Occupational Health and Work Environment along with professional safety staff operate, control, and monitor situations of safety, occupational health and the work environment of the Company to correspond to policies and work plans including promoting employees to recognize the utmost importance of ensuring safety and complying with the policy of safety, occupational health and work environment in 2018 as follows:

- Making a preventive plan and risk reduction plan to face danger from operations or hazards in many areas in the Company along with improving the environment to be safe and checking equipment and tools
- Promulgating knowledge, law and regulations regarding safety, occupational health and other relevant laws such as labor law, transportation law, regulations of the Ministry of Industry, and so on, including informing of the amended law through e-mail and Company notices boards so that employees can search for information as to beneficial to them to promote self-safety
- Apart from basic knowledge on the occupational health management system and safety of every employee, the Company also regularly educates employees in the prevention



of accidents through training, publications on notice boards and e-mail that supports not only safety at work but also safety in routine life such as driving safely and usage of work tools, etc.

- Setting up the safety committee of the Company by arranging a meeting to oversee safety policy with monthly follow-ups
- Submitting and becoming certified for Occupational Health and Safety Standards

(OHSAS 18001).

#### Human rights and employee parity

To respect and appreciate human rights is the foundation of personnel development. Human resources are key to improving production and the value added to sustain business development. The Company is consistently aware of human rights by treating employees equally, no matter race, nationality, gender, religion, income, disability, illness, in addition to respecting and accepting differences in thinking, society, environment, law and culture.

#### (3) Service responsibilities

The Company engages in the provision of Non-destructive testing, and Inspection/Certification services in accordance with international standards and regulations, with the aim to satisfy and ensure that clients receive quality services by following up with a satisfaction survey and continuously improving services.

#### (4) Environment conservation

The Company fully supports environmental conservation during the working process such as by adjusting the working procedure to use natural resources effectively. The Power Saving Project sets the time to turn off the air-conditioning system as well as ensuring the lighting uses the energy saving type 5. The Sor Project provides garbage bins to separate recyclable and hazardous waste.

#### (5) Community Interaction and Environmental Responsibility

The Company recognises the importance of its corporate social responsibilities and pays close attention to its effects upon the community by supporting and regularly participating in community events. Our employees are encouraged to participate in these activities.

Over the previous year of 2018, the Company supported and attended the following social activities:

- The Company provided students and university students with the opportunity for internships so as to improve their knowledge and competency and further apply them in their future careers.
- The Company sent personnel experienced in technology, as speakers, to technical colleges in the northeast to impart knowledge to teachers.

- The Company supported the waste bank project by separating rubbish before disposal in order to reduce global warming.
- Safe disposal of chemical substances for the environment.
- Organization of projects to save water and reduce the use of electrical power.
- The Company carried out a campaign to encourage staff to conserve the environment, save energy, and make worthwhile use of resources.
- Supported scholarships for children of staff.
- Supported Children Day activities for “Anything Will Do if Refreshing” in order to give sports equipment to schools in Nong Kham Community, Sriracha, Chonburi.
- Joined in supporting the foundation stone laying ceremony at Khao Din Wanaram temple, Nong Kham, Sriracha, Chonburi.
- Joined in supporting Loy Krathong Ceremony at Nong Yai Bu, Nong Kham, Sriracha, Chonburi.
- Joined in supporting scholarships for Baan Samnuk Kraton Preschool Development Centre, Ban Chang, Rayong.
- Joined in supporting funds for the presentation of Kathin robe at Nong Hoi Temple, Khao Rang, Mueang District, Ratchaburi.
- Participated in an activity with the Ban Plong community at Mab Ta Put, Rayong Province to improve the landscape.

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

Consistently abiding by good governance principles and corporate social responsibilities are at the very core of our organizational values and culture, and are of greater importance than only participating in the communities' events from time to time. The Company intends to develop business sustainably to ensure that interested persons gain mutual benefits both in the short- and long-term. Our clients and business partners grow together and also support the community and society sustainably. The Company still intends to support new innovations to carry on research and development. Additionally, the Company supports employees in expressing their ideas and creativity in terms of value for the economy, society and the environment by continuously arranging various training courses in any related fields and exchanging information, ideas and opinions through the “Executives Meet Employees Event”.





## Internal Control

### 1. Sufficiency of Internal Control System

At the meeting of the Board of Directors of Qualitech Public Company Limited no.2/2019 on 16 February 2019, the Board has evaluated the internal audit system by acquiring data insights from the management relating to the sufficiency of the internal audit system of the Company in the following 5 sectors: organisation and environment, risk management, control of performance by the management, information and communication system, and follow-up system. After having been evaluated, the Board found that the Company has a sufficient system in place for the internal audit of Majority Shareholders, Directors, Executives or other individuals related to such persons. The Company's internal audit system also covers all 5 sectors appropriately and sufficiently to prevent the executives from using property inappropriately or without the authority to do so. In addition, the Company's internal audit system is independent in pursuing and evaluating the results of the internal audit. Moreover, the Company has a filing system of important documents that allows the Directors, auditors and those authorized by law to carry out an inspection within a reasonable time.

DIA, an audit firm of the Company, examined the internal system in the year 2018 and found no issues of importance.

### 2. Policy on the Procedures of the Internal Audit

The Company set up an internal audit unit which is directly accountable to the Audit Committee on a quarterly basis 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 the suitability and credibility of the financial report of the Company. Internal auditors have examined the procedures of the work of the Company and provided remarks and advice to increase the potential of the work procedures. The Executives have placed importance on undertaking improvements according to the advice of the auditors within 2 months after such recommendations are made.



## Related Transaction

Details of possible conflicts about the connected transactions between the company and its subsidiaries with connected parties that occurred in 2018 appear below:

(1) Cross-Transaction of Qualitech Public Company limited

Person/Juristic person	Relationship	Nature,condition and value	Necessity and Reasonability	Audit Committee's Opinion
Mr. Sumet Techachainirun	Director and Shareholder	Mr. Sumet signed the contract of suretyship for renting and buying vehicles for the Company  2018:0.00 Million Baht 2017: 0.82 Million Baht	Mr. Sumet acted as personal guarantor for the Company without receiving any remuneration.	The Audit Committee was of the opinion that such contract was reasonable and beneficial for the Company as the surety did not incur a fee for such act.
QLT International Company Limited	Subsidiary company. The Company holds 99.99% of shares. Directors and Management are common shareholders.	<u>Incomes</u> Wages, building and furniture rental, management fee, staff uniform  2018: 0.30 Million Baht 2017 : 0.96 Million Baht  <u>Expenses</u> Wages, Consumable  2018: 2.66 Million Baht 2017: 10.28 Million Baht	Wages were for employment. The rate was equivalent to the employment of other companies  Building and furniture rental was equivalent to the market price.  Management fee was the ordinary operation fee and beneficial to the Company's operations.  Consumables were purchased at a price equivalent to the market price.	The Audit Committee considered such transaction to be across-transaction between the Company and the subsidiary of which the Company holds 99.99% of shares. Such a transaction is in line with normal trading and beneficial to the Company's operations

Person/Juristic person	Relationship	Nature,condition and value	Necessity and Reasonability	Audit Committee's Opinion
Qualitech Myanmar Company Limited	Subsidiary company. The Company holds 80.00% of shares. Both companies have common Directors and Management.	<u>Incomes</u> Wages  2018: 0.21 Million Baht 2017: 0.65 Million Baht	Wages were for employment. The rate was equivalent to the employment of other companies.	The Audit Committee considered such transaction to be a cross-transaction between the Company and subsidiary of which the Company holds 80.00% of shares. Such transaction is in line with normal trading and beneficial to the Company's operations.
Duwell Intertrade Company Limited	Common Directors	<u>Expenses</u> Iridium cost  2018: 0.38 Million Baht 2017: - Million Baht  <u>Note</u> : Details of cross-transaction was from 10 November 2018 until 31 December 2018.	The purchase of Iridium 192 was transaction made with only licensed distributors, transferring responsibility to relevant agencies every time.	The Audit Committee considered such transaction to be in line with normal trading and beneficial to the Company's operations.



(2) Cross-Transaction of QLT International Company Limited

Person/Juristic person	Relationship	Nature, condition and value	Necessity and Reasonability	Audit Committee's Opinion
Ms. Yanakorn Rattakham	Daughter of Mr. Sannpat Rattakham, Director and Shareholder of the Company who holds 99.99% of the shares of QLT International Company Limited.	<u>Expenses</u> Office rental fee 2018: 0.19 Million Baht 2017: 0.28 Million Baht	Office rental fee was for work operations. The rate was evaluated by an independent assessor certified by the SEC. The rental period lasted from 1 November 2016 to 30 September 2018.	The Audit Committee was of the opinion that such transaction was beneficial to the Company's operations. The rental rate was reasonable.

## 2. Future Trends in Related Transactions

As concerns related transactions in the future, the relevant conditions of the transactions shall be in accordance with normal business with reference to suitable market prices and conditions. The Audit Committee and/or independent directors shall give opinions relating to the rate of returns as well as the necessity and suitability of such transactions. If a transaction is concluded by a person who may in the future be in a position whereby a conflict of interest occurs, 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 the decision making process of the Board of Directors or the Shareholders as the case may be. In this regard, the group of companies will disclose the transactions among each other in the remarks of the budget report as examined by the Company's auditors.

### 1 Measures or Procedures for Approval of Related Transactions

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

As for transactions in the normal course of 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 practice and the price to be a market price comparable with the price of a third party. The audit committee shall consider and provide opinions on such transactions on a quarterly basis. The consideration of the reasonableness of the transactions will take into account the market price, conditions and any necessities that may affect the business, such as delivery time and specific quality of goods, for the maximum benefit of the Company.



## Financial Status and Result of the Operation

Qualitech Public Company Limited and Subsidiaries  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2016 to 2018

Unit: Thousand Baht

Result of the Operation	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
<b>Total Revenue</b>	377,580.34	100.00	388,609.21	100.00	449,070.14	100.00
Revenue from services	365,309.16	96.75	385,213.33	99.13	445,775.30	99.27
Cost of services	297,717.93	78.85	298,653.65	76.85	323,807.47	72.11
<b>Gross Profit</b>	67,591.23	18.50*	86,559.68	22.47*	121,967.83	27.36*
Other income						
Gain on sale of segment	9,459.27	2.51	0.00	0.00	0.00	0.00
Others	2,811.92	0.74	3,395.88	0.00	3,294.84	0.73
Profit before expenses	79,862.41	21.15	89,955.56	23.15	125,262.67	27.89
Administrative expenses	42,342.25	11.21	40,817.08	10.50	43,383.86	9.66
Directors' remuneration	2,095.70	0.56	2,298.10	0.59	2,648.30	0.59
Management benefit expenses	21,917.88	5.80	24,123.15	6.21	28,602.03	6.37
Administrative expenses	66,355.84	17.57	67,238.33	17.30	74,634.19	16.62
<b>Profit before Finance costs and income tax</b>	13,506.58	3.58	22,717.23	5.85	50,628.48	11.27
Finance costs	499.86	0.13	611.80	0.16	662.69	0.15
<b>Profit before income tax expense</b>	13,006.71	3.44	22,105.43	5.69	49,965.79	11.13
Tax expense	2,342.00	0.62	2,215.31	0.57	4,924.33	1.10
<b>Profit for the year from continuing operations</b>	10,664.71	2.82	19,890.12	5.12	45,041.46	10.03
<b>Profit (loss) for the year from discontinued operations</b>	(1,197.51)	(0.32)	6,199.08	1.60	916.76	0.20
<b>Profit for the year</b>	9,467.20	2.51	26,089.18	6.71	44,124.71	9.83
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
- Gains (losses) on remeasurements of defined benefit plans	3,476.65	0.92	(2,733.79)	(0.70)	943.66	0.21
- Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	(500.90)	(0.13)	410.64	0.11	0.00	0.00
<b>Total comprehensive income for the year</b>	12,442.95	3.30	23,766.03	6.12	45,068.37	10.04
Earnings per share	0.10		0.27		0.46	
Book Value (Baht)	4.45		4.56		4.50	
Par Value (Baht)	1.00		1.00		1.00	

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

Qualitech Public Company Limited and Subsidiaries

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016 to 2018

Unit : Thousand Baht

Result of the Operation	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	50,994.00	10.51	47,089.20	9.31	42,989.81	8.53
Current investment	101,640.59	20.95	117,867.70	23.30	47,241.57	9.37
Trade and other current receivables	66,777.54	13.76	82,159.91	16.24	98,465.43	19.54
Unbilled services income	60,152.48	12.40	43,460.35	8.59	61,744.05	12.25
Inventories	4,571.52	0.94	6,622.84	1.31	6,290.96	1.25
<b>Total current assets</b>	284,136.13	58.56	297,200.00	58.75	256,731.82	50.95
<b>Non-current assets</b>						
Bank deposits with obligations	4,468.40	0.92	3,500.00	0.69	30,313.82	6.02
Property, plant and equipment	182,614.52	37.63	194,648.74	38.49	208,048.32	41.29
Other intangible assets	2,186.40	0.45	2,138.87	0.42	2,163.64	0.43
Deferred tax assets	1,291.65	0.27	1,642.20	0.32	0.00	0.00
Income tax for refund	9,623.96	1.98	6,298.45	1.25	6,150.65	1.22
Others non-current assets	915.84	0.19	404.14	0.08	523.65	0.10
<b>Total non-current assets</b>	201,100.78	41.44	208,632.40	41.25	247,200.08	49.05
<b>Total assets</b>	485,236.91	100.00	505,832.40	100.00	503,931.90	100.00



Qualitech Public Company Limited and Subsidiaries  
STATEMENTS OF FINANCIAL POSITION (Cont.)  
AS AT DECEMBER 31, 2016 to 2018

Unit : Thousand Baht

Result of the Operation	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
<b>Liabilities and shareholders' equity</b>						
Trade and other current payables	28,533.65	5.88	34,882.94	6.90	41,406.61	8.22
Current portion of long-term liabilities	1,903.04	0.39	2,384.37	0.47	3,111.85	0.62
Short - term loans	0.00	0.00	0.00	0.00	0.00	0.00
Current income tax payable	0.00	0.00	441.37	0.09	984.84	0.20
<b>Total current liabilities</b>	<b>30,436.69</b>	<b>6.27</b>	<b>37,708.68</b>	<b>7.45</b>	<b>45,503.30</b>	<b>9.03</b>
<b>Non-current liabilities</b>						
Financial lease liabilities	2,012.03	0.41	2,181.13	0.43	3,623.09	0.72
Non-current provisions for employee benefit	14,288.93	2.94	16,027.13	3.17	10,833.24	2.15
<b>Total non-current liabilities</b>	<b>16,300.97</b>	<b>3.36</b>	<b>18,208.26</b>	<b>3.60</b>	<b>14,456.33</b>	<b>2.87</b>
<b>Total liabilities</b>	<b>46,737.66</b>	<b>9.63</b>	<b>55,916.94</b>	<b>11.05</b>	<b>59,959.63</b>	<b>11.90</b>
<b>Shareholders' equity</b>						
Authorized share capital						
98,568,485 common shares of Baht 1 each	98,568.49	20.31	103,468.49	20.46	98,568.49	19.56
Issued and paid-up share capital	98,568.49	20.31	98,568.49	19.49	98,568.49	19.56
98,568,485 common shares of Baht 1 each						
Share premium on ordinary shares	75,175.54	15.49	75,175.54	14.86	75,175.54	14.92
Equity-settled share-based payment reserve	10,680.19	2.20	5,273.40	1.04	4,065.19	0.81
Retained earnings						
Appropriated-legal reserve	10,346.85	2.13	10,346.85	2.05	10,000.00	1.98
Unappropriated	242,574.91	49.99	262,113.05	51.82	256,158.70	50.83
Other components of shareholders' equity	1,027.44	0.21	(1,948.16)	(0.39)	0.00	0.00
<b>Total owners of the Company</b>	<b>438,373.41</b>	<b>90.34</b>	<b>449,529.17</b>	<b>88.87</b>	<b>443,967.92</b>	<b>88.10</b>
Non-controlling interests	125.85	0.03	386.29	0.08	4.35	0.00
<b>Total shareholders' equity</b>	<b>438,499.25</b>	<b>90.37</b>	<b>449,915.46</b>	<b>88.95</b>	<b>443,972.27</b>	<b>88.10</b>
<b>Total liabilities and shareholders' equity</b>	<b>485,236.91</b>	<b>100.00</b>	<b>505,832.40</b>	<b>100.00</b>	<b>503,931.90</b>	<b>100.00</b>

Qualitech Public Company Limited and Subsidiaries  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 to 2018

List	Unit : Baht		
	2018	2017	2016
<b>Cash flows from operating activities</b>			
Profit (loss) before income tax from continuing operations	13,006,714.74	22,105,418.73	49,965,794.79
Add (Less) Profit (loss) before income discontinued operations tax	(1,197,513.12)	7,747,669.13	(916,755.12)
Profit (loss) before income tax	11,809,201.62	29,853,087.86	49,049,039.67
<b>Adjustments</b>			
Unrealized gain on changes in investment valuation	(913,294.74)	(480,360.65)	(184,345.45)
Unrealized gain on exchange rate	0.00	691.10	(4,367.08)
Doubtful accounts	1,082,320.23	847,335.24	2,877,723.99
Decrease (Increase) in unbilled service income	(17,265,852.43)	17,920,497.92	6,234,406.26
Depreciation	27,279,030.81	30,835,034.94	30,882,558.42
Gain on sale of segment	(9,459,265.90)	0.00	0.00
(Gain) Loss on disposal of fixed assets	304,443.22	(811,823.86)	130,658.67
Loss on impairment of assets	0.00	88,289.12	0.00
Reverse of loss on impairment of assets	(33,559.55)	0.00	(10,067.35)
Amortized other intangible assets	354,658.87	334,553.91	299,411.47
Write off income tax deducted at source	0.00	0.00	322,671.53
Provisions for employee benefits	1,543,389.64	3,242,398.27	1,182,105.75
Equity-settled share-based payment	5,406,780.73	0.00	0.00
Interest expenses	505,723.13	651,805.66	662,690.06
	20,613,575.63	82,481,509.51	91,442,485.94
(Increase) Decrease in portion of operating assets			
Trade and other receivables	15,144,082.98	15,820,684.02	3,717,295.59
Inventories	2,051,322.46	(331,875.21)	5,816,190.64
Intangible assets	(402,191.46)	(309,790.00)	0.00
Other non-current assets	(511,202.37)	31,219.99	(92,473.11)
Increase (Decrease) in portion of operating liabilities			
Trade and other current receivables	(7,240,200.25)	(3,188,266.92)	(21,940,319.14)



Qualitech Public Company Limited and Subsidiaries  
STATEMENTS OF CASH FLOWS (Cont.)  
FOR THE YEARS ENDED DECEMBER 31, 2016 to 2018

Unit : Baht

Cash generated (paid) from operation	29,655,386.99	94,503,481.39	78,943,179.92
Employee benefit paid	(2,158,140.05)	0.00	(5,122,000.00)
Interest paid	(173,460.72)	(225,886.66)	(312,496.81)
Income tax paid	(6,259,228.85)	(8,457,914.16)	(9,667,201.75)
Income tax received	0.00	2,771,176.18	6,270,514.24
<b>Net cash provided by (used in) operating activities</b>	<b>21,064,557.37</b>	<b>88,590,856.75</b>	<b>70,111,995.60</b>

List	2018	2017	2016
<b>Cash flows from investing activities</b>			
(Increase) Decrease in current investment	17,140,402.55	(70,145,767.55)	65,861,518.22
(Increase) Decrease in bank deposit with obligations	(968,400.00)	26,813,819.01	356,105.48
Proceeds from sales of segment	13,066,000.00	0.00	0.00
Proceeds from sales of fixed assets	(1,509,078.62)	1,271,861.68	10,300.00
Payments for fixed assets acquisition	(13,044,800.59)	(20,292,907.20)	(67,318,004.31)
<b>Net cash provided by (used in) investing activities</b>	<b>14,684,123.34</b>	<b>(62,352,994.06)</b>	<b>(1,090,080.61)</b>
<b>Cash flows from financing activities</b>			
Payment for financial lease liabilities	(2,577,929.00)	(3,107,432.34)	(4,371,809.29)
Dividend paid	(29,570,545.50)	(19,714,897.00)	(49,284,242.50)
Proceeds for non-controlling interests	0.00	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(31,843,874.50)</b>	<b>(22,138,479.35)</b>	<b>(53,656,051.79)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,904,806.21</b>	<b>4,099,383.34</b>	<b>15,365,863.20</b>
Cash and cash equivalents as at January 1	47,089,196.95	42,989,813.61	27,623,950.41
Cash and cash equivalents as at December 31	50,994,003.16	47,089,196.95	42,989,813.61



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

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

#### Operation Summary

In 2018, on the Company's consolidated financial Statements of Qualitech Public Company Limited, the total revenue was 377.58 million Baht, decreased by 11.03 million Baht or about 8.25% as a result of the oil prices have continued to fall, causing the contraction of the market in Module construction industry for export and construction work of customers in Steel Fabrication group. Coupled with the intense competition in Nondestructive Testing and Inspection and Certification industry, therefore the price of service fees has decreased. In addition, the subsidiary company was also affected by the higher export price of the cassava, causing lower purchasing power from overseas, the most buyers considered to use other agricultural products instead, and then the exports have been severely slowed down. These resulted the reduction of inspection service for the export agricultural products of the subsidiary company. Moreover, in 2018, the company also cancelled the 2<sup>nd</sup> Employee Stock Option Program: ESOP-W2 early, so the company must immediately recognized the remaining accounting expenses throughout the project in the third quarter, resulting in the profit of the main company amount 10.03 million baht, decreased by 16.36 million Baht or 61.98% compared to 2017.

#### Income

Income structure	2018		2017		% Change
	Million Baht	%	Million Baht	%	
Non-destructive Testing	151.38	40.09%	141.83	36.50%	6.73%
Inspection and Certification	198.16	52.48%	238.76	61.44%	-17.00%
Mechanical and Metallurgical Teasting	15.77	4.18%	4.62	1.19%	241.34%
Others	12.27	3.25%	3.40	0.87%	-260.88%
<b>Total</b>	<b>377.58</b>	<b>100.00%</b>	<b>368.61</b>	<b>100.00%</b>	<b>-8.25%</b>

The Company had total income of 377.58 million Baht decreasing from 2017 for 11.03 million Baht or 8.25% compared to 2017 that had total income of 388.61 million Baht. This is due to decrease in income from all service function.

#### Cost of service and Administrative expenses

In 2018, the company had 297.72 Million Baht in cost of service, decreased by 0.93 Million baht or 0.31% comparing to 2017. The increased costs in 2018 occurred by the employment of specialists for some types of services to provide that services to customers, and also the perceived costs and expenses for cancellation of the 2<sup>nd</sup> Employee Stock Option Program: ESOP-W2 early.

Cost to Sales Ratio in 2018 was 81.50% of services income and gross profit margin was 18.50% decreasing from 2017 that had 22.47% gross profit margin.

Administrative expenses in 2018 was 66.35 million baht decreased by 0.88 million Baht or 1.31% compared to 2017

#### Net Profit

The main company has 10.03 Million baht of Net profit, an 16.36 Million Baht decrease or 61.98% from 2017. The decrease of profit was due to decrease in income from service and price competition in the market, forcing the service fee received to reduce. However, most cost of service is employee related, a fixed cost, while the company has the policy to maintain the employee in order to support future opportunities. The company therefore, is unable to decrease the cost relating to employee.

#### Profitability Ratios

Consolidated Financial Statement	2018	2017
Gross Profit Margin	18.50%	22.47%
Profit rate from operation	3.58%	5.90%
Net Profit Margin	2.66%	6.85%
Return on Equity	2.26%	5.91%

In 2018, the company has 18.50 Million baht in Gross Profit, decreasing from last year which enjoyed 22.47 Million Baht or 3.58% of operation profit, 2.66% net profit, and dividend rate at 2.26%.

## Financial Position

Consolidated Financial Statement	2018		2017		% Change
	Million Baht	%	Million Baht	%	
Asset	485.24	100.00%	505.83	100.00%	-4.07%
Liability	46.74	9.63%	55.92	11.05%	-16.74%
Shareholders' equity	438.37	90.34%	449.53	88.87%	-2.48%

### Asset

The company had total asset as of 31 December 2018 for 485.24 Million Baht consisting of current asset for 284.14 million Baht and non-current asset for 201.10 million Baht. Total asset decreases for 20.59 million Baht or 4.07% compared to 2017 with total asset of 505.83 million Baht. The reduction in asset was caused by a change in temporary investment and inventories.

### Trade Accounts Receivable

In 2018, the company had trade accounts receivables for 74.50 million Baht decreasing from 2017 by having average collection for 86 days and in 2017 the average collection was 89 days after bills placement. The company had policy about term of payment for at least 30 days and the company would consider term of payment from historical record of clients, purchase order and payment history in the past. For policy of allowance for doubtful account, the company would consider from outstanding debt of debtors with settlement duration more than 90 days without movement by using allowance for doubtful account from the outstanding amount for 91-180 days, allowance is 10%, accrued for 181-270 days, allowance is 30% and accrued for 271-365 days, allowance is 50% and accrued over 365 days, the allowance would be 100% from outstanding amount. In 2018, the company had increasing allowance for doubtful account from trade accounts receivable for 0.49 million Baht from 2017

### Property, plant and equipment - Net

Net property of plant and equipment in 2018 were 182.61 million Baht, decreased from 2017 by 12.03 million Baht because the company did not invest in tool and equipment in 2018 as much as the previous year since the company mostly invested in 2017 and 2018 already. Furthermore, some of the deteriorate assets were cut-off, so the value of property, plant and equipment in 2018 was decreased.

## Liabilities

As of 31 December 2018, the company had total liabilities of 46.74 million Baht decreasing from the end of year 2017 for 9.18 million Baht or about 16.42%. It was an decrease in current liabilities for 7.27 Million Baht or 19.28%. The company had trade payables from the purchase of materials, cost of employee, and Non-current liabilities decrease for 1.91 Million Baht or 10.47% decrease due to a binding employee's benefit fund from increasing retiring employee.

### Shareholders' equity

The owners of the company as of 31 December 2018 for 438.37 million Baht decreasing from the end of 2017 for 11.15 million Baht or 2.48%

In 2018, the company had debt to equity ratio of 0.11 times decreasing from 2017 that had debt to equity ratio of 0.12 times. This is due to less liability.

## Cash Flow

Cash Flow	2018	2017
Net Cash provided by operating activities	21.06	88.59
Net Cash used in investing activities	14.68	(62.35)
Net Cash used in financing activities	(31.84)	(22.14)
Net increase (decrease) in cash and cash equivalents	3.90	4.10
Cash and cash equivalents as at December 31	50.99	47.09

## Liquidity

	2018	2017
Current Ratio (time)	9.34	7.88
Account Receivable Turnover (time)	4.27	4.13
Average Collection Period (day)	86	89
Account Payable Turnover (time)	9.39	7.83
Average Payment Period (day)	39	47

The Company had current ratio in 2018 for 9.34 times increasing by 1.46 times from 2017 due to the decrease in current liabilities of trade payables and other accrued expense.

The company had average collection period in 2018 for 86 days decreasing by 3 days from 2017. The company had collected payables from some of the default customer from 2017, causing the decrease in average collection time. The average collection time for 2018 is 39 days, 8 days smaller from 2017. This is due to goods and service provided had a condition to be paid immediately when the service or goods are delivered.





## Responsibility Report of the Board to the Financial Report

To [shareholders of Qualitech Public Company Limited](#)

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

The company's auditing committee, which comprises of qualified non-management independent directors in accordance with regulations of The Securities Exchange Commission and Capital Market Supervisory Board, has provided good corporate governance, risk management and internal control system to ensure that accounting report is correct, complete, punctual and sufficient.

The audit committee had opinions that internal control and audit system of the company reliable. The consolidated financial statements of Qualitech Public Company Limited and subsidiaries for year end 31 December 2018 showed financial position, Result of the Operation, as well as cash flow correctly according to financial report standards, which the auditors have audited and given opinions in Auditor Report as included in an annual report of this year.

Mr. Sannpat Rattakham  
Chairman of the Board of Directors/  
Chief Executive Officer





## AUDITOR'S REPORT

To The Shareholders of Qualitech Public Company Limited

### Opinion

I have audited the accompanying consolidated and separate financial statements of Qualitech Public Company Limited and subsidiaries (the Group) and of Qualitech Public Company Limited (the Company), which comprise consolidated and separate statements of financial position as at December 31, 2017, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Qualitech Public Company Limited and subsidiaries and of Qualitech Public Company Limited as at December 31, 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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



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

As at December 31, 2018, the Company and subsidiaries have material amount of unbilled revenues from services of Baht 60.15 million in the consolidated financial statements. The calculation of unbilled services income is complicated procedure because of various rate of services fee and depending on the nature of service rendering of each contract. There are a lot of internal control document for recoding services rendering in each day which may result to the incomplete collection of such document and/or inaccurate calculation of unbilled revenue from services income. Accordingly, I have addressed as key audit matter.

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

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

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

As stated in notes 11 to financial statements, as at December 31, 2018 the Company and subsidiaries have material amount of equipment and tools of Baht 47.51 million (net of accumulated depreciation amount of Baht 136.41 million) in the consolidated financial statements. Such tools and equipment are main assets used for providing services rendering to customers since the Company and subsidiaries have many service sites and have to take such assets to perform the work at the site as stipulated by customers. Such assets, therefore, may easily lost. Accordingly, I have addressed the existing of such assets as key audit matter.

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

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

#### Other Information

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

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

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

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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 16, 2019







STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	50,994,003.16	47,089,196.95	40,211,867.21	42,016,263.49
Current investment	6	101,640,587.86	117,867,695.67	93,241,804.85	92,312,386.07
Trade and other current receivables	7	66,777,543.72	82,159,915.13	66,111,580.62	77,254,341.93
Unbilled services income	8	60,152,478.67	43,460,352.05	59,827,899.84	43,676,371.18
Inventories		4,571,516.28	6,622,838.74	3,571,215.70	4,983,164.15
<b>Total current assets</b>		<b>284,136,129.69</b>	<b>297,199,998.54</b>	<b>262,964,368.22</b>	<b>260,242,526.82</b>
<b>Non-current assets</b>					
Investment in subsidiaries	9	0.00	0.00	14,348,985.00	11,668,185.00
Bank deposits with obligations	10	4,468,400.00	3,500,000.00	3,500,000.00	3,500,000.00
Property, plant and equipment	11	182,614,522.97	194,648,738.23	179,546,452.00	190,153,761.27
Other intangible assets	12	2,186,404.05	2,138,871.46	2,186,404.05	2,138,871.46
Deferred tax assets	13	1,291,646.15	1,642,199.03	1,288,783.65	1,154,145.28
Income tax for refund		9,623,963.82	6,298,451.95	9,466,306.44	6,298,451.95
Others non-current assets	14	915,842.48	404,142.27	915,842.48	404,142.27
<b>Total non-current assets</b>		<b>201,100,779.47</b>	<b>208,632,402.94</b>	<b>211,252,773.62</b>	<b>215,317,557.23</b>
<b>Total assets</b>		<b>485,236,909.16</b>	<b>505,832,401.48</b>	<b>474,217,141.84</b>	<b>475,560,084.05</b>

Notes to financial statements are parts of these financial statements

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other current payables	15	28,533,645.80	34,882,934.66	27,780,461.23	31,795,014.87
Current portion of long-term liabilities	16	1,903,042.44	2,384,371.47	1,882,759.44	2,146,993.15
Current income tax payable		0.00	441,371.98	0.00	0.00
<b>Total current liabilities</b>		<b>30,436,688.24</b>	<b>37,708,678.11</b>	<b>29,663,220.67</b>	<b>33,942,008.02</b>
<b>Non-current liabilities</b>					
Financial lease liabilities	16	2,012,034.75	2,181,134.72	2,012,034.75	2,159,726.02
Non-current provisions for employee benefit	17	14,288,934.55	16,027,125.01	14,274,622.03	13,932,646.00
<b>Total non-current liabilities</b>		<b>16,300,969.30</b>	<b>18,208,259.73</b>	<b>16,286,656.78</b>	<b>16,092,372.02</b>
<b>Total liabilities</b>		<b>46,737,657.54</b>	<b>55,916,937.84</b>	<b>45,949,877.45</b>	<b>50,034,380.04</b>
<b>Shareholders' equity</b>					
Share capital	18				
Authorized share capital					
98,568,485 common shares of Baht 1 each		98,568,485.00		98,568,485.00	
103,468,485 common shares of Baht 1 each			103,468,485.00		103,468,485.00
Issued and paid-up share capital					
98,568,485 common shares of Baht 1 each		98,568,485.00	98,568,485.00	98,568,485.00	98,568,485.00
Share premium on ordinary shares		75,175,543.40	75,175,543.40	75,175,543.40	75,175,543.40
Equity-settled share-based payment reserve	19	10,680,188.03	5,273,407.30	10,680,188.03	5,273,407.30
Retained earnings					
Appropriated - legal reserve	20	10,346,848.50	10,346,848.50	10,346,848.50	10,346,848.50
Unappropriated	21	242,574,905.59	262,113,054.48	232,772,843.43	236,854,764.99
Other components of shareholders' equity		1,027,435.11	(1,948,160.60)	723,356.03	(693,345.18)
<b>Total owners of the Company</b>		<b>438,373,405.63</b>	<b>449,529,178.08</b>	<b>428,267,264.39</b>	<b>425,525,704.01</b>
Non-controlling interests		125,845.99	386,285.56	0.00	0.00
<b>Total shareholders' equity</b>		<b>438,499,251.62</b>	<b>449,915,463.64</b>	<b>428,267,264.39</b>	<b>425,525,704.01</b>
<b>Total liabilities and shareholders' equity</b>		<b>485,236,909.16</b>	<b>505,832,401.48</b>	<b>474,217,141.84</b>	<b>475,560,084.05</b>

Notes to financial statements are parts of these financial statements



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Revenue from services		365,309,161.22	385,213,329.18	362,078,502.42	383,510,181.57
Cost of services		(297,717,931.57)	(298,653,651.95)	(295,078,331.90)	(300,618,905.72)
Gross profit		67,591,229.65	86,559,677.23	67,000,170.52	82,891,275.85
Other income					
Gain on sale of segment		9,459,265.90	0.00	0.00	0.00
Dividend income		0.00	0.00	19,998,800.00	19,998,800.00
Others		2,811,916.84	3,395,876.64	2,786,049.63	3,873,882.58
Administrative expenses		(66,355,836.13)	(67,238,330.86)	(62,809,593.74)	(66,281,667.33)
Finance costs		(499,861.52)	(611,804.28)	(498,134.03)	(600,446.57)
Profit before income tax expense		13,006,714.74	22,105,418.73	26,477,292.38	39,881,844.53
Tax expense	22	(2,342,000.49)	(2,215,312.79)	(988,668.44)	(1,443,972.80)
Profit for the year from continuing operations		10,664,714.25	19,890,105.94	25,488,623.94	38,437,871.73
Profit (loss) for the year from discontinued operation	23	(1,197,513.12)	6,199,075.51	0.00	0.00
Profit for the year		9,467,201.13	26,089,181.45	25,488,623.94	38,437,871.73
Other comprehensive income					
Components of other comprehensive income					
that will not be reclassified to profit or loss					
- Gains (losses) on remeasurements of					
defined benefit plans	17	3,476,649.01	(2,733,789.00)	1,527,836.00	(1,031,379.00)
- Income tax relating to components					
of other comprehensive income					
that will not be reclassified to profit or loss	22	(500,897.39)	410,636.40	(111,134.79)	70,154.40
Other comprehensive income (expense) for the year					
- net of tax		2,975,751.62	(2,323,152.60)	1,416,701.21	(961,224.60)
Total comprehensive income for the year		12,442,952.75	23,766,028.85	26,905,325.15	37,476,647.13

Notes to financial statements are parts of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Profit (loss) attributable to :				
Owners of the Company				
Continuing operations	11,217,934.60	20,252,674.62	25,488,623.94	38,437,871.73
Discontinued operations	(1,185,537.99)	6,137,084.76	0.00	0.00
Total	10,032,396.61	26,389,759.38	25,488,623.94	38,437,871.73
Non-controlling interests				
Continuing operations	(553,220.35)	(362,568.68)	0.00	0.00
Discontinued operations	(11,975.13)	61,990.75	0.00	0.00
Total	(565,195.48)	(300,577.93)	0.00	0.00
Grand total	9,467,201.13	26,089,181.45	25,488,623.94	38,437,871.73
Total comprehensive income (expense) attributable to :				
Owners of the Company	13,007,992.32	24,066,742.97	26,905,325.15	37,476,647.13
Non-controlling interests	(565,039.57)	(300,714.12)	0.00	0.00
Grand total	12,442,952.75	23,766,028.85	26,905,325.15	37,476,647.13
Earnings per share				
Basic earnings per share				
Profit for the year from continuing operations	0.11	0.21	0.26	0.39
Loss for the year from discontinued operations	(0.01)	0.06	0.00	0.00
Total	0.10	0.27	0.26	0.39
Weighted average number of common shares	98,568,485	98,568,485	98,568,485	98,568,485

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, 2018

Note	Consolidated financial statements (Baht)									
	Owners of the Company						Non-controlling interests		Total	
	Issued and paid-up share capital	Share premium	Equity-settled share-based payment reserve	Retained earnings	Other components of shareholders' equity	Total owners of the Company	shareholders' equity	interests	shareholders' equity	
		Appropriated	Unappropriated	Other comprehensive income	Gains (losses) on remeasurements of defined benefit plans					
Beginning balance of the year 2018	98,568,485.00	75,175,543.40	5,273,407.30	10,346,848.50	262,113,054.48	(1,948,160.60)	449,529,178.08	386,285.56	449,915,463.64	
Changes in shareholders' equity for the year:										
Common shares	9	0.00	0.00	0.00	0.00	0.00	0.00	305,800.00	305,800.00	
Share-based payment	19	0.00	0.00	5,406,780.73	0.00	0.00	5,406,780.73	0.00	5,406,780.73	
Dividend paid	21	0.00	0.00	0.00	0.00	(29,570,545.50)	(29,570,545.50)	(1,200.00)	(29,571,745.50)	
Profit (loss) for the year		0.00	0.00	0.00	10,032,396.61	0.00	10,032,396.61	(565,195.48)	9,467,201.13	
Other comprehensive income for the year		0.00	0.00	0.00	0.00	2,975,595.71	2,975,595.71	155.91	2,975,751.62	
Ending balance of the year 2018	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	242,574,905.59	1,027,435.11	438,373,405.63	125,845.99	438,499,251.62	
Beginning balance of the year 2017	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	255,783,840.60	374,855.81	443,967,912.84	4,349.69	443,972,262.53	
Changes in shareholders' equity for the year:										
Common shares	9	0.00	0.00	0.00	0.00	0.00	0.00	683,849.99	683,849.99	
Share-based payment		0.00	1,208,219.27	0.00	0.00	0.00	1,208,219.27	0.00	1,208,219.27	
Legal reserve		0.00	0.00	0.00	346,848.50	(346,848.50)	0.00	0.00	0.00	
Interim dividend paid	21	0.00	0.00	0.00	0.00	(4,928,424.25)	(4,928,424.25)	(1,200.00)	(4,929,624.25)	
Dividend paid	21	0.00	0.00	0.00	0.00	(14,785,272.75)	(14,785,272.75)	0.00	(14,785,272.75)	
Profit (loss) for the year		0.00	0.00	0.00	26,389,759.38	0.00	26,389,759.38	(300,577.93)	26,089,181.45	
Other comprehensive income for the year		0.00	0.00	0.00	0.00	(2,323,016.41)	(2,323,016.41)	(136.19)	(2,323,152.60)	
Ending balance of the year 2017	98,568,485.00	75,175,543.40	5,273,407.30	10,346,848.50	262,113,054.48	(1,948,160.60)	449,529,178.08	386,285.56	449,915,463.64	

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, 2018

Note	Separate financial statements (Baht)									
	Equity-settled			Retained earnings		Other components of		Total		
	Issued and paid-up share capital	Share premium	Equity-settled share-based payment reserve	Appropriated	Unappropriated	shareholders' equity	Other comprehensive income	Gains (losses) on remeasurements of defined benefit plans	shareholders' equity	equity
Beginning balance of the year 2018	98,568,485.00	75,175,543.40	5,273,407.30	10,346,848.50	236,854,764.99	(693,345.18)	425,525,704.01			
Changes in shareholders' equity for the year:										
Share-based payment	19	0.00	0.00	5,406,780.73	0.00	0.00	5,406,780.73			
Dividend paid	21	0.00	0.00	0.00	0.00	(29,570,545.50)	(29,570,545.50)			
Profit (loss) for the year		0.00	0.00	0.00	0.00	25,488,623.94	25,488,623.94			
Other comprehensive income for the year		0.00	0.00	0.00	0.00	0.00	1,425,684.89			
Ending balance of the year 2018	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	232,772,843.43	732,339.71	428,276,248.07			
Beginning balance of the year 2017	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	218,477,438.76	267,879.42	406,554,534.61			
Changes in shareholders' equity for the year:										
Share-based payment		0.00	0.00	1,208,219.27	0.00	0.00	1,208,219.27			
Legal reserve		0.00	0.00	0.00	346,848.50	(346,848.50)	0.00			
Interim dividend paid	21	0.00	0.00	0.00	0.00	(4,928,424.25)	(4,928,424.25)			
Dividend paid	21	0.00	0.00	0.00	0.00	(14,785,272.75)	(14,785,272.75)			
Profit (loss) for the year		0.00	0.00	0.00	0.00	38,437,871.73	38,437,871.73			
Other comprehensive income for the year		0.00	0.00	0.00	0.00	(961,224.60)	(961,224.60)			
Ending balance of the year 2017	98,568,485.00	75,175,543.40	5,273,407.30	10,346,848.50	236,854,764.99	(693,345.18)	425,525,704.01			

Notes to financial statements are parts of these financial statements



STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax from continuing operations	13,006,714.74	22,105,418.73	26,477,292.38	39,881,844.53
Add (Less) Profit (loss) before income tax from discontinued operations	(1,197,513.12)	7,747,669.13	0.00	0.00
Profit (loss) before income tax	11,809,201.62	29,853,087.86	26,477,292.38	39,881,844.53
Adjustments				
Unrealized gain on changes in investment valuation	(913,294.74)	(480,360.65)	(879,578.93)	(287,808.54)
Unrealized loss on exchange rate	0.00	691.10	0.00	691.10
Doubtful accounts	1,082,320.23	847,335.24	831,057.23	847,335.24
Decrease (Increase) in unbilled service income	(17,265,852.43)	17,920,497.92	(16,503,526.06)	16,528,611.97
Depreciation	27,279,030.81	30,835,034.94	26,362,063.10	29,812,682.70
Gain on sale of segment	(9,459,265.90)	0.00	0.00	0.00
(Gain) loss on disposal of fixed assets	304,443.22	(811,823.86)	295,787.01	(906,260.67)
Loss on impairment of assets	0.00	88,289.12	0.00	88,289.12
Reversed loss on impairment of assets	(33,559.55)	0.00	(33,559.55)	0.00
Amortized other intangible assets	354,658.87	334,553.91	354,658.87	334,553.91
Provisions for employee benefits	1,543,389.64	3,242,398.27	1,540,246.74	2,926,228.27
Equity-settled share-based payment	5,406,780.73	0.00	5,406,780.73	0.00
Dividend income	0.00	0.00	(19,998,800.00)	(19,998,800.00)
Interest expenses	505,723.13	651,805.66	498,134.03	600,446.57
	20,613,575.63	82,481,509.51	24,350,555.55	69,827,814.20
(Increase) Decrease in portion of operating assets				
Trade and other current receivables	15,144,082.98	15,820,684.02	9,324,101.48	19,666,119.03
Inventories	2,051,322.46	(331,875.21)	1,411,948.45	(473,512.63)
Other intangible assets	(402,191.46)	(309,790.00)	(402,191.46)	(309,790.00)
Other non-current assets	(511,202.37)	31,219.99	(511,202.37)	31,219.99
Increase (Decrease) in portion of operating liabilities				
Trade and other current payables	(7,240,200.25)	(3,188,266.92)	(4,721,401.04)	(10,743,294.09)
Cash generated (paid) from operation	29,655,386.99	94,503,481.39	29,451,810.61	77,998,556.50

Notes to financial statements are parts of these financial statements

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Employee benefit paid	(2,158,140.05)	0.00	0.00	0.00
Interest paid	(173,460.72)	(225,886.66)	(168,568.74)	(208,571.57)
Income tax paid	(6,259,228.85)	(8,457,914.16)	(4,402,296.09)	(5,446,941.84)
Income tax received	0.00	2,771,176.18	0.00	2,771,176.18
<b>Net cash provided by (used in) operating activities</b>	<b>21,064,557.37</b>	<b>88,590,856.75</b>	<b>24,880,945.78</b>	<b>75,114,219.27</b>
<b>Cash flows from investing activities</b>				
(Increase) Decrease in current investment	17,140,402.55	(70,145,767.55)	(49,839.85)	(75,532,748.98)
Payments for acquire of ordinary shares of subsidiary	0.00	0.00	(1,341,200.00)	(2,758,400.00)
Dividend received from subsidiary	0.00	0.00	19,998,800.00	19,998,800.00
(Increase) Decrease in bank deposit with obligations	(968,400.00)	26,813,819.01	0.00	26,382,319.01
Proceeds from sales of segment	13,066,000.00	0.00	0.00	0.00
Proceeds from sales of fixed assets	(1,509,078.62)	1,271,861.68	349,915.19	1,198,216.82
Payments for fixed assets acquisition	(13,044,800.59)	(20,292,907.20)	(13,733,046.92)	(17,547,557.46)
<b>Net cash provided by (used in) investing activities</b>	<b>14,684,123.34</b>	<b>(62,352,994.06)</b>	<b>5,224,628.42</b>	<b>(48,259,370.61)</b>
<b>Cash flows from financing activities</b>				
Payment for financial lease liabilities	(2,577,929.00)	(3,107,432.34)	(2,339,424.98)	(2,774,039.43)
Dividend paid	(29,570,545.50)	(19,714,897.00)	(29,570,545.50)	(19,713,697.00)
Proceeds from non-controlling interests	304,600.00	683,849.99	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(31,843,874.50)</b>	<b>(22,138,479.35)</b>	<b>(31,909,970.48)</b>	<b>(22,487,736.43)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,904,806.21</b>	<b>4,099,383.34</b>	<b>(1,804,396.28)</b>	<b>4,367,112.23</b>
<b>Cash and cash equivalents as at January 1</b>	<b>47,089,196.95</b>	<b>42,989,813.61</b>	<b>42,016,263.49</b>	<b>37,649,151.26</b>
<b>Cash and cash equivalents as at December 31</b>	<b>50,994,003.16</b>	<b>47,089,196.95</b>	<b>40,211,867.21</b>	<b>42,016,263.49</b>

Notes to financial statements are parts of these financial statements



**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2018

**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 three branches office are located at 1/37 Moo 1, Nongchak, Banbueng, Chonburi, at 50, Soi Pattanakarn 57, Prawet, Bangkok, and at 83/50 Moo 10, Nongkham, Siracha, Chonburi.
- 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 Group's financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP) and the regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed form should be included in the financial statements (No. 2) B.E. 2559 dated October 11, 2016.

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

**2.2 New Financial Reporting Standards**

**2.2.1 Financial report standards that became effective in the current year**

During the year, the Company and subsidiaries have adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for the financial statements for the year beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of those financial reporting standards does not have any significant impacts on the Company and subsidiaries' financial statements.

**2.2.2 Financial reporting standards that will become effective in the future**

- 1) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2019.

TFRS 15 Revenue from Contracts with Customers, establishes the principles that the information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer, is to be reported to the users of financial statements. The entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity applies a five-step model to account for revenue and exercise judgement, taking into consideration when applying each step of the model.

TFRS 15 Revenue from Contracts with Customers supersedes the Thai Accounting Standards, Thai Standing Interpretations Committee and Thai Financial Reporting Interpretations Committee as detailed below :

Thai Accounting Standards	
TAS 11 (Revised 2017)	Construction contracts
TAS 18 (Revised 2017)	Revenue
Thai Financial Reporting Standards Interpretations	
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
Thai Standing Interpretations Committee	
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services



At present, the Management of the Company and subsidiaries has assessed that there is no impact of the above Thai Financial Reporting Standards on the financial statements which will become effective in the future.

- 2) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2020.

The Federation of Accounting Professions prepared new Thai Financial Reporting Standards based on International Financial Reporting Standards for the period ended December 31, 2017 (Bound Volume 2018 Consolidated without early application) as follows:

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards Interpretations

TFRIC 16 Hedges of a Net Investments in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The above set of Thai Financial Reporting Standards (TFRSs) sets out the requirements for the classification and measurement of financial instrument at the fair value or amortized cost by considering from the type of instruments, contractual cash flow characteristics and the entity's business model, including the impairment methodology by using the expected credit loss, and the general hedge accounting, as well as the presentation and disclosures of financial instrument. When this set of TFRSs are effective, as a result, some currently effective accounting standards, interpretations and guidance will be cancelled.

At present, the Management of the Company and subsidiaries is being assessed the impacts of those financial reporting standards which will be effective in the future on the financial statements.

**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 until the controllable is ceased as below :

	Registration		Type of business	
	in	Percentage of investment %		
		2018	2017	
QLT International Company Limited	Thailand	99.99	99.99	Providing engineering services, inspection and testing of agricultural crops in both Thailand and oversea and engage in relevant business
Qualitech Myanmar Company Limited	Republic of the Union of Myanmar	80.00	80.00	Providing safety engineering services in Myanmar and engage in relevant business

- 3.2 The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.
- 3.3 The balance of accounts and transactions between Qualitech Public Company Limited and subsidiaries, unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

#### 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 :

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

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

Land and assets under construction were not depreciated.



#### 4.7 Intangible Assets

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

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

#### 4.8 Impairment of Assets

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

#### 4.9 Transactions in Foreign Currencies

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

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

#### 4.10 Financial Instruments

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

#### 4.11 Long-Term Lease Agreement

The Company and subsidiaries record vehicles under purchase agreement as assets and liabilities in an amount equal to the fair value of the leased assets or the present value of the minimum payments under the agreements.

Interest expenses are recorded to each period over the term of the agreement.

#### 4.12 Employee Benefits

##### 4.12.1 Provident Fund

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

##### 4.12.2 Post-Employee Benefits

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

On December 13, 2018, the National Legislative Assembly passed the resolution to approve the draft of new Labour Protection Act which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. However, new Labour Protection Act is being announced in the Government Gazette. The Company and subsidiaries, therefore, shall record the effects of new Labour Protection Act when it becomes effective.

#### 4.13 Income Tax and Deferred tax

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

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

#### 4.14 Provisions

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

#### 4.15 Measurement of fair values

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

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

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

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

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

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



#### 4.16 Significant accounting judgements and estimates

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

##### Allowance for doubtful accounts

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

##### Allowance for diminution in value of inventory

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

##### Property, plant and equipment/Depreciation

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

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

##### Intangible assets

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

#### Leases

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

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

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

#### 4.17 Earnings per Share

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

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

## 5. ADDITION DISCLOSURE OF STATEMENTS OF CASH FLOWS

### 5.1 Cash and cash equivalents

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash	792,414.87	902,127.24	550,312.18	710,685.83
Cash at bank - current accounts	57,306.22	36,524.08	34,000.00	34,000.00
Cash at bank - savings deposit	50,144,282.07	46,150,545.63	39,627,555.03	41,271,577.66
Total	<u>50,994,003.16</u>	<u>47,089,196.95</u>	<u>40,211,867.21</u>	<u>42,016,263.49</u>

## 5.2 Non-cash transaction

### For the year 2018

#### Parent company

1) The Company entered into hire purchase vehicles agreement of Baht 2.49 million which was already made the initial installment in the amount of Baht 0.56 million. The remaining is presented as financial lease liabilities.

2) The Company has the outstanding for fixed assets acquisition amount of Baht 1.25 million which is presented as other current payables.

### For the year 2017

#### Parent company

1) The Company entered into hire purchase vehicles agreement of Baht 1.25 million which was already made the initial installment in the amount of Baht 0.31 million. The remaining is presented as financial lease liabilities.

2) The Company has the outstanding for fixed assets acquisition amount of Baht 0.54 million which is presented as other current payables.

## 6. CURRENT INVESTMENT

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Investment in open-end fund :-				
KTPLUS	15,755,882.00	52,781,801.33	7,357,098.99	27,231,676.27
TMBTHANAPLUS	40,327,204.33	45,012,735.38	40,327,204.33	45,012,735.38
KTSTPLUS - A	45,557,501.53	20,067,974.42	45,557,501.53	20,067,974.42
K-CBOND	0.00	5,184.54	0.00	0.00
Total	101,640,587.86	117,867,695.67	93,241,804.85	92,312,386.07

Such fund invested in debt securities which had minimal risk.

## 7. TRADE AND OTHER CURRENT RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Trade accounts receivable	74,498,776.82	88,919,241.07	74,163,216.73	83,661,294.64
Other current receivables	9,830,879.90	10,302,884.23	9,489,633.89	10,655,257.46
Total	84,329,656.72	99,222,125.30	83,652,850.62	94,316,552.10
Less Allowance for doubtful accounts				
- Trade accounts receivable	(17,552,113.00)	(17,062,210.17)	(17,541,270.00)	(17,062,210.17)
Net	66,777,543.72	82,159,915.13	66,111,580.62	77,254,341.93

Billed trade accounts receivable separated on aging are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Undue trade accounts receivable	31,600,916.23	42,526,655.79	31,302,253.74	39,593,777.80
Overdue trade accounts receivable				
- Less than 3 months	22,352,577.73	27,660,456.45	22,354,290.13	25,502,631.54
- Over 3 months to 6 months	2,317,929.53	1,752,052.18	2,314,229.53	1,584,808.65
- Over 6 months to 9 months	1,146,659.95	321,730.47	1,111,749.95	321,730.47
- Over 9 months to 12 months	208,742.62	0.00	208,742.62	0.00
- Over 12 months	16,871,950.76	16,658,346.18	16,871,950.76	16,658,346.18
Total	74,498,776.82	88,919,241.07	74,163,216.73	83,661,294.64

## 8. UNBILLED SERVICES INCOME

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Unbilled services income	60,627,256.07	43,823,552.05	60,302,677.24	44,039,571.18
Less Allowance for doubtful accounts	(474,777.40)	(363,200.00)	(474,777.40)	(363,200.00)
Net	60,152,478.67	43,460,352.05	59,827,899.84	43,676,371.18



## 9. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital	Percentage of shareholding		Separate financial statements (Baht)		Separate financial statements (Baht)	
				2018	2017	2018	2017	2018	2017
QLT International Company Limited	Providing engineering services, inspection and testing of agricultural crops in both Thailand and oversea and engage in relevant business	The Company held 99.99% share capital, director and management have common-shareholding	10,250,000 Baht	99.99	99.99	10,249,385.00	10,249,385.00	19,998,800.00	19,998,800.00
Qualitech Myanmar Company Limited	Providing safety engineering services in Myanmar and engage in relevant business	The Company held 80.00% share capital have common director and management	150,000 USD	80.00	80.00	4,099,600.00	1,418,800.00	0.00	0.00
Total						14,348,985.00	11,668,185.00	19,998,800.00	19,998,800.00

9.1 On January 27, 2018, the Company has made payment for acquisition of investment in ordinary shares of Qualitech Myanmar Company Limited in the amount of USD 40,000 (400 ordinary shares at par value of USD 100 each) or equal to the percentage of investment at 80% of the issued and paid-up share capital.

9.2 According to the minutes of Board of Directors' meeting No.6/2017 held on August 9, 2017, passed the resolution to increase the registered share capital of Qualitech Myanmar Company Limited from USD 50,000 to USD 200,000 by issuing new 1,500 ordinary shares at par value of USD 100 each. The subsidiary has registered share capital on February 8, 2018. In the fourth quarter of 2017, the subsidiary has called for and received the payment for increase share capital amount of USD 50,000 total paid-up share capital amount of USD 100,000 (1,000 ordinary shares of USD 100 each). The subsidiary has registered the paid-up share capital on March 23, 2018. As at December 31, 2017, the Company presented such payment for the increase share capital as other receivables for share capital prepayment.

9.3 In the third quarter of 2018, the subsidiary has called for and received the payment for increase share capital amount of USD 50,000, total paid-up share capital amount of USD 150,000 (1,500 ordinary shares of USD 100 each). The subsidiary has registered the paid-up share capital on September 11, 2018.

9.4 The financial statements for the year ended December 31, 2018 and 2017 of above subsidiaries have been taken for preparing the consolidated financial statements were audited by the auditor.

## 10. BANK DEPOSIT WITH OBLIGATIONS

As at December 31, 2018 and 2017, the Company has deposits at a bank amount of Baht 4.47 million and Baht 3.50 million in the consolidated financial statements and Baht 3.50 million in the separate financial statements respectively which are mortgaged as collateral against contingent liabilities from bank's issuance of letter of guarantee (note 31).

## 11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated financial statements (Baht)									
	Land	Building	Building improvement	Building and fixtures	Office furniture and fixtures	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,483,126.68	179,902,415.96	15,736,191.59	1,649,808.36	60,533,762.59	0.00	391,187,803.40
Acquisition	96,180.48	0.00	1,443,892.24	805,857.37	10,393,311.88	2,519,338.39	576,875.42	2,060,040.00	0.00	17,895,495.78
Disposal	0.00	0.00	0.00	(96,846.70)	(7,436,046.55)	(1,256,544.84)	0.00	(3,343,201.68)	0.00	(12,132,639.77)
As at December 31, 2017	47,981,180.48	56,851,858.52	19,589,531.94	11,192,137.35	182,859,681.29	16,998,985.14	2,226,683.78	59,250,600.91	0.00	396,950,659.41
Acquisition	0.00	0.00	442,778.37	132,346.68	13,505,783.70	1,000,178.80	0.00	2,993,332.57	12,946.48	18,087,366.60
Disposal	0.00	0.00	(61,600.00)	(639,432.29)	(12,448,411.31)	(2,564,250.30)	0.00	(2,495,093.30)	0.00	(18,208,787.20)
As at December 31, 2018	47,981,180.48	56,851,858.52	19,970,710.31	10,685,051.74	183,917,053.68	15,434,913.64	2,226,683.78	59,748,840.18	12,946.48	396,829,238.81
Accumulated depreciation :										
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,351,312.73	118,281,018.84	11,396,582.91	1,294,254.40	29,643,315.22	0.00	183,139,488.19
Depreciation for the year	0.00	2,842,592.43	1,020,854.60	1,080,193.76	19,473,589.59	2,465,559.24	133,490.93	3,818,754.19	0.00	30,835,034.74
Depreciation - write off	0.00	0.00	0.00	(90,680.98)	(7,185,024.99)	(1,260,206.53)	0.00	(3,136,689.25)	0.00	(11,672,601.75)
As at December 31, 2017	0.00	14,924,526.45	4,111,924.67	8,340,825.51	130,569,583.44	12,601,935.62	1,427,745.33	30,325,380.16	0.00	202,301,921.18
Depreciation for the year	0.00	2,842,592.43	1,067,174.13	984,662.26	16,391,046.57	2,085,384.38	187,111.56	3,721,059.48	0.00	27,279,030.81
Depreciation - write off	0.00	0.00	(19,665.49)	(415,509.02)	(10,555,088.97)	(2,258,666.60)	0.00	(2,117,306.07)	0.00	(15,366,236.15)
As at December 31, 2018	0.00	17,767,118.88	5,159,433.31	8,909,978.75	136,405,541.04	12,428,653.40	1,614,856.89	31,929,133.57	0.00	214,214,715.84
Net book value										
As at December 31, 2017	47,981,180.48	41,927,332.07	15,477,607.27	2,851,311.84	52,290,097.85	4,397,049.52	798,938.45	28,925,220.75	0.00	194,648,738.23
As at December 31, 2018	47,981,180.48	39,084,739.64	14,811,277.00	1,775,072.99	47,511,512.64	3,006,260.24	611,826.89	27,819,706.61	12,946.48	182,614,522.97

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

Separate financial statements (Baht)

	Separate financial statements (Baht)							Assets under		
	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	construction	Total
Assets - cost :										
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,285,390.18	177,852,719.18	14,958,437.86	1,649,808.36	58,252,362.59	0.00	385,881,216.39
Acquisition	96,180.48	0.00	1,159,747.71	612,037.57	9,742,099.07	2,233,451.09	576,875.42	1,471,040.00	0.00	15,891,431.34
Disposal	0.00	0.00	0.00	(96,846.70)	(7,436,046.55)	(1,252,644.84)	0.00	(3,043,201.68)	0.00	(11,828,739.77)
As at December 31, 2017	47,981,180.48	56,851,858.52	19,305,387.41	10,800,581.05	180,158,771.70	15,939,244.11	2,226,683.78	56,680,200.91	0.00	389,943,907.96
Acquisition	0.00	0.00	442,778.37	118,455.23	11,811,269.98	988,611.69	0.00	2,993,332.57	12,946.48	16,367,394.32
Disposal	0.00	0.00	(61,600.00)	(293,594.46)	(9,910,901.68)	(1,868,630.37)	0.00	(1,711,693.30)	0.00	(13,846,419.81)
As at December 31, 2018	47,981,180.48	56,851,858.52	19,686,565.78	10,625,441.82	182,059,140.00	15,059,225.43	2,226,683.78	57,961,840.18	12,946.48	392,464,882.47
Accumulated depreciation :										
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,309,534.61	117,871,723.56	10,893,828.30	1,294,254.40	28,971,902.65	0.00	181,514,247.61
Depreciation for the year	0.00	2,842,592.43	934,192.78	1,005,951.63	18,983,479.96	2,342,711.72	133,490.93	3,570,263.25	0.00	29,812,682.70
Depreciation - write off	0.00	0.00	0.00	(90,680.98)	(7,185,024.99)	(1,259,402.10)	0.00	(3,001,675.55)	0.00	(11,536,783.62)
As at December 31, 2017	0.00	14,924,526.45	4,025,262.85	8,224,805.26	129,670,178.53	11,977,137.92	1,427,745.33	29,540,490.35	0.00	199,790,146.69
Depreciation for the year	0.00	2,842,592.43	972,469.09	930,768.03	15,886,635.49	1,993,687.41	187,111.56	3,548,799.09	0.00	26,362,063.10
Depreciation - write off	0.00	0.00	(19,665.49)	(283,053.94)	(9,439,954.46)	(1,842,078.95)	0.00	(1,649,026.48)	0.00	(13,233,779.32)
As at December 31, 2018	0.00	17,767,118.88	4,978,066.45	8,872,519.35	136,116,859.56	12,128,746.38	1,614,856.89	31,440,262.96	0.00	212,918,430.47
Net book value										
As at December 31, 2017	47,981,180.48	41,927,332.07	15,280,124.56	2,575,775.79	50,488,593.17	3,962,106.19	798,938.45	27,139,710.56	0.00	190,153,761.27
As at December 31, 2018	47,981,180.48	39,084,739.64	14,708,499.33	1,752,922.47	45,942,280.44	2,930,479.05	611,826.89	26,521,577.22	12,946.48	179,546,452.00

11.1 Tools and technical equipment as at December 31, 2018 and 2017 are as follows :

11.1.1 Tools and technical equipment as at December 31, 2018

(Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,094,861.17	(1,094,825.17)	36.00
- 2004 until present	85,245,269.82	(57,550,599.34)	27,694,670.48
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	2,151,097.75	(2,151,061.75)	36.00
- 2006 until present	93,567,911.26	(81,219,498.93)	12,348,412.33
<b>Total</b>	<b>182,059,140.00</b>	<b>(142,015,985.19)</b>	<b>40,043,154.81</b>

11.1.2 Tools and technical equipment as at December 31, 2017

(Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,094,861.17	(1,094,825.17)	36.00
- 2004 until present	79,336,481.98	(47,636,926.56)	31,699,555.42
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	2,151,097.75	(2,151,061.75)	36.00
- 2006 until present	97,576,330.80	(78,787,365.05)	18,788,965.75
<b>Total</b>	<b>180,158,771.70</b>	<b>(129,670,178.53)</b>	<b>50,488,593.17</b>

Depreciation for the year ended December 31, 2018 and 2017 were Baht 18.60 million and Baht 18.98 million respectively.

11.2 As at December 31, 2018 and 2017, land and building at cost of Baht 36.43 million in the consolidated and separate financial statements are mortgaged as collateral against overdrafts line amount of Baht 30 million and letter of guarantee line amount of Baht 30 million.





#### 14. OTHER NON-CURRENT ASSETS

	Consolidated and	
	Separate financial statements (Baht)	
	2018	2017
Deposit receivable under contract	4,537,908.17	4,026,705.80
Others	56,974.75	90,036.46
<b>Total</b>	<b>4,594,882.92</b>	<b>4,116,742.26</b>
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Provision for impairment of assets	(56,476.37)	(90,035.92)
<b>Net</b>	<b>915,842.48</b>	<b>404,142.27</b>

#### 15. TRADE AND OTHER CURRENT PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
	Trade accounts payable	8,767,048.96	8,629,783.52	9,052,030.23
Other current payables				
Accrued expenses	14,644,175.15	20,393,931.75	14,078,038.32	17,072,039.69
Assets payables	1,249,845.60	629,240.20	1,249,845.60	542,998.20
Others	3,872,576.09	5,229,979.19	3,400,547.08	5,092,323.47
<b>Total</b>	<b>28,533,645.80</b>	<b>34,882,934.66</b>	<b>27,780,461.23</b>	<b>31,795,014.87</b>

#### 16. FINANCIAL LEASE LIABILITIES

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
	Hire purchase payable	3,915,077.19	4,565,506.19	3,894,794.19
Less Current portion of long-term liabilities	(1,903,042.44)	(2,384,371.47)	(1,882,759.44)	(2,146,993.15)
<b>Net</b>	<b>2,012,034.75</b>	<b>2,181,134.72</b>	<b>2,012,034.75</b>	<b>2,159,726.02</b>

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
	Vehicles	13,970,000.00	15,508,000.00	12,772,000.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
	Within 1 year	2,027,653.00	2,527,354.00	2,007,370.00
Over 1 year less than 3 years	1,806,442.00	2,105,771.00	1,806,442.00	2,085,488.00
Over 3 years less than 5 years	296,584.00	150,228.00	296,584.00	150,228.00
<b>Total</b>	<b>4,130,679.00</b>	<b>4,783,353.00</b>	<b>4,110,396.00</b>	<b>4,519,674.00</b>
Less Future interest expenses of financial lease	(215,601.81)	(217,846.81)	(215,601.81)	(212,954.83)
<b>Present value of financial lease liabilities</b>	<b>3,915,077.19</b>	<b>4,565,506.19</b>	<b>3,894,794.19</b>	<b>4,306,719.17</b>



## 17. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

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

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

17.3 Non-current provisions for employee benefit in statement of financial position are as follows:

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Present value of provisions	14,288,934.55	16,027,125.01	14,274,622.03	13,932,646.00

Movement in the present value of the employee benefit obligations

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
As at January 1,	16,027,125.01	10,833,238.01	13,932,646.00	10,791,383.00
Losses (Gains) on remeasurement of defined benefit plan	(3,476,649.01)	2,733,789.00	(1,527,836.00)	1,031,379.00
Employee benefits decrease	(137,193.50)	0.00	0.00	0.00
Current service costs and interest	1,875,652.05	2,460,098.00	1,869,812.03	2,109,884.00
As at December 31,	14,288,934.55	16,027,125.01	14,274,622.03	13,932,646.00

Expense recognized in profit or loss

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Current service costs	1,543,389.64	2,034,179.00	1,540,246.74	1,718,009.00
Interest on obligation	332,262.41	425,919.00	329,565.29	391,875.00
Total	1,875,652.05	2,460,098.00	1,869,812.03	2,109,884.00

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

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Cost of services	888,432.36	977,400.00	888,432.36	977,400.00
Administrative expenses	654,957.28	1,056,779.00	651,814.38	740,609.00
Finance costs	332,262.41	425,919.00	329,565.29	391,875.00
Total	1,875,652.05	2,460,098.00	1,869,812.03	2,109,884.00

Actuarial losses (gains) recognized in other comprehensive income.

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Included in retained earnings :				
As a January 1	2,358,797.00	(374,992.00)	763,499.58	(267,879.42)
Recognized during the year	(3,476,649.01)	2,733,789.00	(1,527,836.00)	1,031,379.00
As at December 31	(1,117,852.01)	2,358,797.00	(764,336.42)	763,499.58

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

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
	2018	2017	2018	2017
Discount rate	2.67	2.88	2.67	2.88
Salary increase rate	3 - 4	6.60 - 8.60	3 - 5	6.60 - 7.00

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

## 17.7 Sensitivity analysis

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

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
Defined benefit obligation				
as at December 31, 2018	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(946,210.00)	1,045,559.00	(915,223.00)	1,012,802.00
Salary increase rate (0.5% movement)	1,009,183.00	(921,144.00)	980,072.00	(893,361.00)
Mortality rate (0.5% movement)	(5,088.00)	5,090.00	(4,876.00)	4,878.00
Turnover rate (10% movement)	(1,047,999.00)	1,200,503.00	(1,025,230.00)	1,177,441.00

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

17.8 As stated in notes 4.12.2 to financial statements, the Company and subsidiaries shall record the effects of new

Labour Protection Act when it is announced in the Government Gazette which may be effective in 2019. At present, the Company expects that the additional employee benefits to be paid amount of Baht 3.79 million will be provided when it becomes effective.

## 18. SHARE CAPITAL

### For the year 2018

According to the minutes of the shareholders' extraordinary meeting No. 1/2018 held on July 19, 2018, passed the resolution to decrease shares capital from Baht 103.47 million to Baht 98.57 million by reducing 4.90 million ordinary shares at par value of Baht 1 each for which have to issue to the holders of warrants to purchase ordinary shares since the Company has already cancelled the Company's warrants to purchase ordinary share (note 19).

The Company registered such decrease share capital with the Ministry of Commerce on August 2, 2018.

### For the year 2017

According to the annual general shareholders' meeting for the year 2017 held on April 5, 2017, the shareholders passed the resolution as follows :

- 1) Issue the ESOP-W2 warrants for 4.90 million units at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 7.30 each. The exercise period is 3 years from the date of issuance and offering (in the 1st year can be exercised right not exceed 20% the 2nd year can be exercised right not exceed 70% and the remaining can be exercised in the 3rd year). The exercise right will be made on the 15th of March and September. The first exercise right commenced on September 15, 2018 and the last exercise right is on June 14, 2020 and the Company has already issued such warrants on June 15, 2017.
- 2) Increase the registered share capital for reserve the exercised ESOP-W2 from Baht 98.57 million to Baht 103.47 million by issuing 4.90 million ordinary shares at par value of Baht 1 each. The Company has registered the increase share capital with the Ministry of Commerce on May 1, 2017.

## 19. CAPITAL RESERVE FROM SHARE-BASE PAYMENT

According to the minutes of the shareholders' extraordinary meeting No. 1/2018 held on July 19, 2018, passed the resolution to cancel the issuance of 4.90 million units of warrants No. 2 (ESOP-W2) of the Company. The effects of warrants cancellation, resulting to the Company has to recognize expenses in the amount of Baht 4.31 million in statements of comprehensive income immediately.

## 20. 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.



## 21. DIVIDEND PAID

### For the year 2018

#### Parent company

According to the annual general shareholders' meeting for the year 2018 held on April 11, 2018, passed the resolution to pay dividend from profit for the year 2017 to the shareholders at Baht 0.35 per share, amount of Baht 34.50 million which was already paid interim dividend at Baht 0.05 per share amount of Baht 4.93 million, the remaining to be paid at Baht 0.30 per share for 98.57 million ordinary shares, totally Baht 29.57 million. During the year, the Company has fully paid such dividend.

#### Subsidiaries

According to the minutes of Board of directors' meeting No. 2/2018 held on December 6, 2018, passed the resolution to pay interim dividend from the results of operating profit to the shareholders at Baht 100 per share total amount of Baht 20 million. During the year, the subsidiary has fully paid such dividend.

### For the year 2017

#### Parent company

According to the annual general shareholders' meeting for the year 2017 held on April 5, 2017, the shareholders passed the resolution to pay dividend from profit for the year 2016 to the shareholders at Baht 0.25 per share, total amount of Baht 24.64 million by making interim dividend payment at Baht 0.10 per share amount of Baht 9.86 million, thus, the remaining annual dividend payment at Baht 0.15 per share for 98.57 million ordinary shares, total amount of Baht 14.78 million. During the year, the Company has fully paid such dividend.

According to the minutes of Board of Directors' meeting No. 6/2017 held on August 9, 2017, passed the resolution to pay dividend from the result of six-months profit for the year 2017 to the shareholders at Baht 0.05 per share total amount of Baht 4.93 million. During the year, the Company has fully paid such dividend.

#### Subsidiaries

According to the minutes of Board of directors' meeting No. 1/2017 held on September 1, 2017, passed the resolution to pay dividend from operating profit to the shareholders at Baht 100 per share total amount of Baht 20 million. During the year, the subsidiary has fully paid such dividend.

## 22. INCOME TAX

### 22.1 The calculation of current income taxes

For the year 2018 and 2017, the Company and its subsidiaries calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses for the year and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted profit derived from promoted activities (note 28).

### 22.2 Income tax recognized in profit or loss

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
<b>Current income tax</b>				
For the current year	2,492,345.00	4,995,469.04	1,234,441.60	2,527,963.68
<b>Deferred tax</b>				
Changes in temporary differences	(150,344.51)	(1,231,562.63)	(245,773.16)	(1,083,990.88)
Total income tax	2,342,000.49	3,763,906.41	988,668.44	1,443,972.80

### 22.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Profit (loss) before income tax from				
Continuing operations	13,006,714.74	22,105,418.73	26,477,292.38	39,881,844.53
Discontinued operations	(1,197,513.12)	7,747,669.13	0.00	0.00
Profit before income tax	11,809,201.62	29,853,087.86	26,477,292.38	39,881,844.53
Income tax rate (%)	20	20	20	20
Income tax	2,361,840.32	5,970,617.57	5,295,458.48	7,976,368.90
Prohibited taxable expenses	1,773,298.36	277,999.94	1,486,108.15	(47,925.00)
Additional taxable expenses	(250,622.61)	(416,421.00)	(250,622.61)	(416,421.00)
Exempted income	0.00	0.00	(3,999,760.00)	(3,999,760.00)
Promoted profit	(1,542,515.58)	(2,068,290.10)	(1,542,515.58)	(2,068,290.10)
Total income tax	2,342,000.49	3,763,906.41	988,668.44	1,443,972.80
Income tax rate (%)	20	13	4	4

### 22.4 Income tax recognized in other comprehensive income

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
(Gains) losses on remeasurement of defined benefit plans				
Before income tax	(3,476,649.01)	2,733,789.00	(1,527,836.00)	1,031,379.00
Tax expense (income)	500,897.39	(410,636.40)	111,134.79	(70,154.40)
Net of tax	(2,975,751.62)	2,323,152.60	(1,416,701.21)	961,224.60

### 23. DISCONTINUED OPERATIONS OF SUBSIDIARY

On September 1, 2018, the subsidiary (QLT International Company Limited) entered into agreement to sell in business of Inspecting and Fumigating of Agricultural products to a company in accordance with the Board of directors' meeting of the parent company No. 6/2018 held on August 31, 2018 in the price of Baht 11.41 million and the subsidiary has already transferred such segment to the buyer on September 5, 2018. As a result, the subsidiary has gain on sale of segment amount of Baht 9.46 million. During the period, the subsidiary has received the payment already.

Transactions included in statements of comprehensive income for the year ended December 31, 2018 and 2017, discontinued operations are as follows :

	Consolidated financial statements (Baht)	
	2018	2017
Total revenues	15,931,450.69	40,293,851.32
Total costs	(13,322,392.79)	(25,889,771.50)
Total other income	41.75	421.15
Total expenses	(3,806,612.77)	(6,656,831.84)
<b>Profit (loss) before income tax expense</b>	<b>(1,197,513.12)</b>	<b>7,747,669.13</b>
Tax expense	0.00	(1,548,593.62)
<b>Profit (loss) for the period from discontinued operations</b>	<b>(1,197,513.12)</b>	<b>6,199,075.51</b>
Basic earnings per share		
Profit (loss) from discontinued operations	(0.01)	0.06

### 24. 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 :

#### 24.1 General information

Name	Relationship	Description	Pricing policy
Related persons			
Mr. Sumet Techachainiran	The Company's director and shareholder	Guarantee	Non-service charge
Ms. Yanakorn Rattakham	The Company's director and shareholder's daughter	Rental	At agreed price
Subsidiary companies			
QLT International Company Limited	The Company held 99.99% share capital, director and management have common shareholding	Income - rental Income - management service fee Wages Materials supply	At agreed price At agreed price At agreed price At agreed price
Qualitech Myanmar Company Limited	The Company held 80% share capital, have director and management	Income - wages	Close to market value
Other company			
Duwell Intertrade Co., Ltd.	Common directors	Materials supply	Close to market value

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
QLT International Company Limited				
Trade and other current receivables	0.00	0.00	24,800.00	72,893.00
Unbilled services income	0.00	0.00	0.00	530,691.59
Trade and other current payables	0.00	0.00	407,605.80	2,564,280.31



	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Qualitech Myanmar Company Limited				
Unbilled services income	0.00	0.00	0.00	648,800.00
Duwell Intertrade Co., Ltd.				
Trade and other current payables	406,600.00	0.00	406,600.00	0.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Ms. Yanakorn Rattakham				
Cost of services - work place rental	185,263.12	280,210.47	0.00	0.00
QLT International Company Limited				
Other income - rental	0.00	0.00	87,476.64	238,323.37
Other income - management fee	0.00	0.00	205,607.49	724,299.08
Cost of services - wages	0.00	0.00	15,722.76	8,763,234.15
Cost of services - materials supply	0.00	0.00	2,645,020.24	1,515,264.00
Qualitech Myanmar Company Limited				
Service income - wages	0.00	0.00	207,735.00	648,800.00
Duwell Intertrade Co., Ltd.				
Cost of services - materials supply	380,000.00	0.00	380,000.00	0.00

## 25. 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.

## 26. 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.

## 27. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Employee benefit expenses	214,750,566.72	228,694,269.37	204,175,530.13	205,567,573.52
Depreciation	27,331,060.02	30,835,034.94	26,414,092.31	29,812,682.70
Supplies used	22,928,314.44	31,132,962.31	19,761,291.32	24,454,922.68
Contractor wage	51,791,987.49	32,752,005.76	50,602,518.12	40,699,614.51
Travelling and accommodation expenses	12,127,072.02	13,777,457.97	10,644,136.68	10,856,716.69
Office expenses	9,145,267.91	10,119,463.75	8,724,533.40	9,398,136.12
Fee and consulting fee	2,657,858.77	3,719,181.07	2,355,249.92	3,354,238.25
Repairs and maintenance expenses	3,169,036.78	4,435,558.45	3,150,731.01	4,322,835.98
Directors' remuneration	2,095,700.00	2,298,100.00	2,095,700.00	2,298,100.00
Management benefit expenses	21,917,882.34	24,123,150.68	18,368,116.00	21,142,254.66

## 28. PROMOTIONAL PRIVILEGES

28.1 The Company and subsidiary were granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 and the Board of Investment approved the activities under six promotion certificate for services providing of testing of welding and metal identification as the scientific testing, the certificate No. 1 dated December 28, 2005, No. 2 dated June 18, 2007, No. 3 dated August 4, 2008, No. 4 dated March 4, 2013, No. 5 dated March 21, 2016 and No. 6 dated March 27, 2017. The significant privileges are as follows:

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

28.1.2 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.

28.1.3 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.

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

28.3 The results of operation of the Company and subsidiaries for the year ended December 31, 2018 and 2017 separated into promoted business and non-promoted business as follows:

	Consolidated financial statements (Baht)					
	Promoted business		Non-promoted business		Total	
	2018	2017	2018	2017	2018	2017
Services income	230,598,948.45	250,024,364.21	134,710,212.77	135,188,964.97	365,309,161.22	385,213,329.18
Cost of services	(187,680,253.97)	(197,392,159.88)	(110,037,677.60)	(101,261,492.07)	(297,717,931.57)	(298,653,651.95)
Gross profit	42,918,694.48	52,632,204.33	24,672,535.17	33,927,472.90	67,591,229.65	86,559,677.23
Other income	203,475.76	1,494.96	12,067,706.98	3,394,381.68	12,271,182.74	3,395,876.64
Administrative expenses	(39,619,495.67)	(43,973,702.44)	(26,736,340.46)	(23,264,628.42)	(66,355,836.13)	(67,238,330.86)
Finance costs	(297,156.75)	(396,234.69)	(202,704.77)	(215,569.59)	(499,861.52)	(611,804.28)
Profit before income tax	3,205,517.82	8,263,762.16	9,801,196.92	13,841,656.57	13,006,714.74	22,105,418.73
Income tax expenses	0.00	0.00	(2,342,000.49)	(2,215,312.79)	(2,342,000.49)	(2,215,312.79)
Profit for the year from continuing operations	3,205,517.82	8,263,762.16	7,459,196.43	11,626,343.78	10,664,714.25	19,890,105.94
Profit for the year from discontinued operations	0.00	0.00	(1,197,513.12)	6,199,075.51	(1,197,513.12)	6,199,075.51
Profit for the year	3,205,517.82	8,263,762.16	6,261,683.31	17,825,419.29	9,467,201.13	26,089,181.45

## 29. OPERATING SEGMENTS

29.1 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.

29.2 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.

29.3 Revenues separated by nature of services are as follows:

	Consolidated financial statements	
	(Million Baht)	
	2018	2017
Non-Destructive Testing	151.38	141.83
Inspection and certificate - continuing operations	198.16	238.76
Inspection and certificate - discontinued operations	15.93	40.29
Mechanical Testing of materials	15.77	4.62

## 30. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 1) Accounting policy

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

### 2) Credit risk

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



### 3) Interest rate risk

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

### 4) Fair value of financial instruments

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

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

## 31. COMMITMENT AND CONTINGENT LIABILITIES

31.1 The Company and subsidiaries have commitment under purchase and hire agreement with several seller as at

December 31, 2018 and 2017 total amount of Baht 11.49 million and Baht 8.23 million in the consolidated financial statements in the separate financial statements respectively.

31.2 The subsidiary has commitment under lease office building agreement as at December 31, 2017 amount of Baht 0.22 million.

31.3 The Company and subsidiaries have contingent liabilities from a local bank's issuance of letter of guarantee for the results of work to customers of the Company and guarantee the electricity usage to government agency, as at December 31, 2018 and 2017 total amount of Baht 15.48 million and Baht 14.15 million in the consolidated financial statements, and Baht 14.51 million and Baht 14.15 million in the separate financial statements respectively.

Contingent liabilities are guaranteed by bank deposits (note 10).

## 32. 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 2018 and 2017, the Company has contribution expenses in the amount of Baht 3.29 million and Baht 3.58 million respectively.

## 33. 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.

## 34. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of Board of directors' meeting No. 2/2019 held on February 16, 2019, passed the resolution to submit to the shareholders' general meeting for approval the dividend payment from profit for the year 2018 to the shareholders at Baht 0.25 per share, amounting to Baht 24.64 million.

## 35. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 16, 2019.

