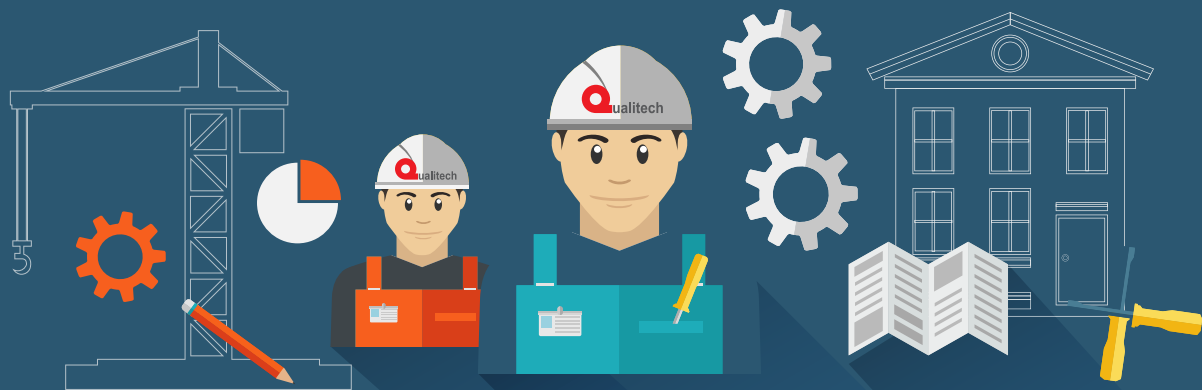


ANNUAL REPORT 2019  
Qualitech Public Company Limited



ANNUAL REPORT 2019

# Qualitech Public Company Limited

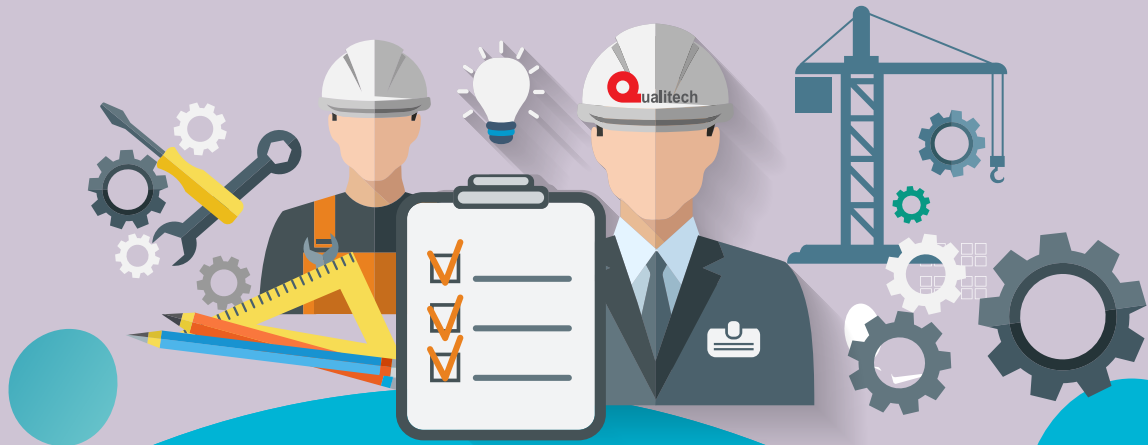


บริษัท ควอลลิเทค จำกัด (มหาชน)  
Qualitech Public Company Limited



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## Vision

Qualitech Public Company Limited is committed to becoming a leader in providing one-stop services for engineering testing, inspection, and certification for safety in the ASEAN Economic Community (AEC), with an emphasis on applying innovation in service provision in parallel with the continued development of staff. The Company realizes the significance of social responsibility and professional ethics for sustainable business expansion.

## Value

Reliability, Safety, Agile, Customer Focus and Quality

## Mission

1. Expand to provide services for engineering testing, inspection and certification for public safety in the ASEAN Region.
2. Continually invent and develop the innovation of new services so as to thoroughly respond to customer insights.
3. Enhance and elevate personnel competency in a continuous manner.
4. We pledge to conduct business with relentless Commitment to the principles of good governance, social responsibility and environmental stewardship.



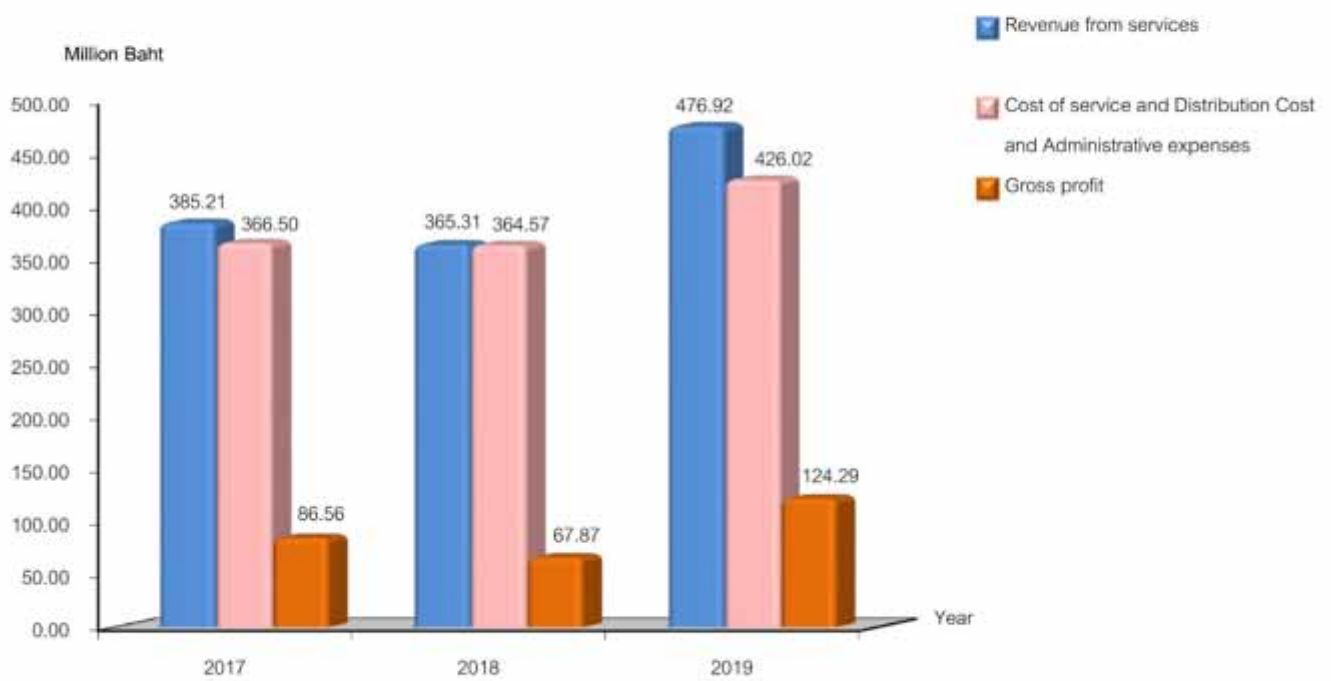


	31 December 2019	31 December 2018	31 December 2017
Statements of Comprehensive Income (Million Baht)			
Total Revenue	476.92	365.31	385.21
Cost of Services and Expenses	426.02	364.57	366.50
Gross Profit	124.29	67.87	86.56
Net Profit	50.94	10.03	26.39
Statements of Financial Position (Million Baht)			
Total Assets	542.45	485.24	505.83
Total Liabilities	85.95	46.74	55.92
Total Shareholders' Equity of the parent company	456.50	438.37	449.53
Financial Ratio			
Gross Profit Ratio (%)	26.06	18.58	22.47
Net Profit Ratio (%)	10.60	2.66	6.85
Return on Equity (%)	11.38	2.26	5.91
Return on Total Asset (%)	9.91	2.73	5.23
Debt to Equity Ratio (times)	0.19	0.11	0.12
Earnings Per Share			
Net Profit Per Share (Baht)*	0.52	0.10	0.27
Book Value Per Share (Baht)	4.63	4.45	4.56

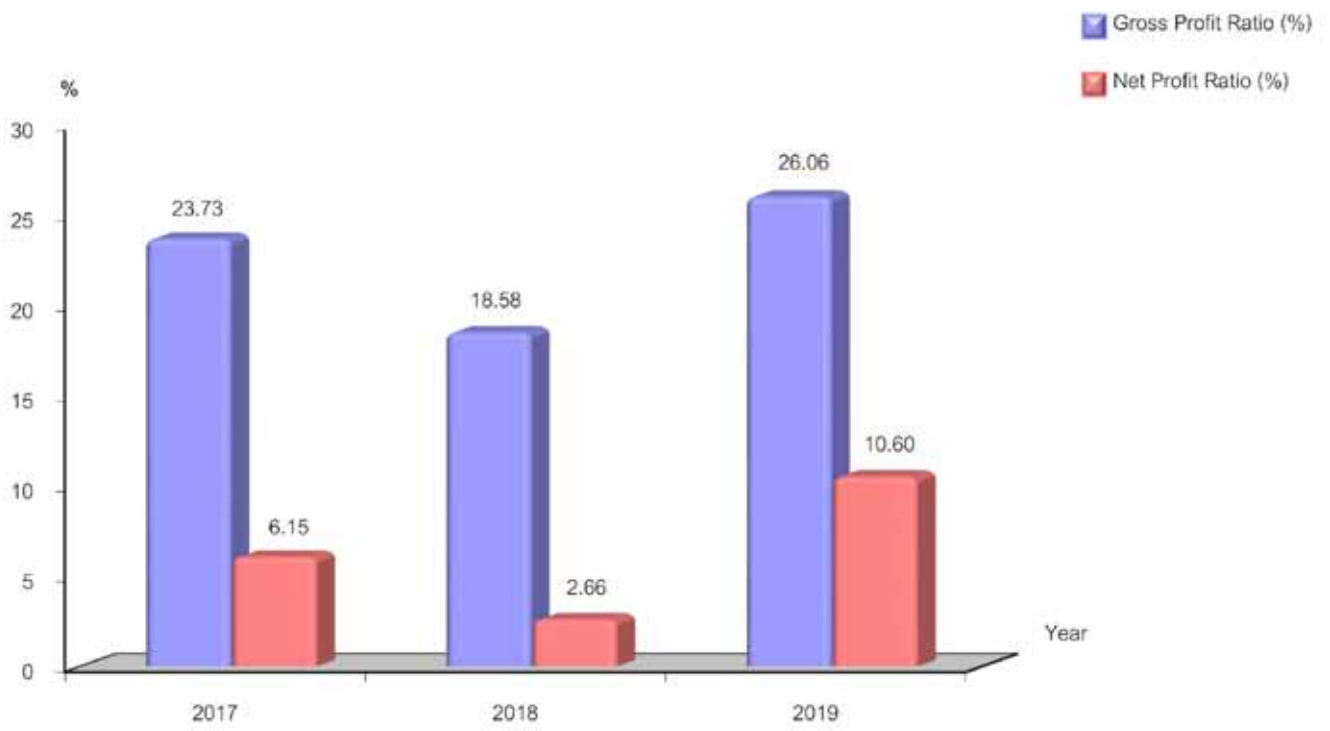
\* Number of shares outstanding computed using weighted average method



### Financial Summary



### Financial Ratio





01

Message from the Chairman  
of the Board of Directors



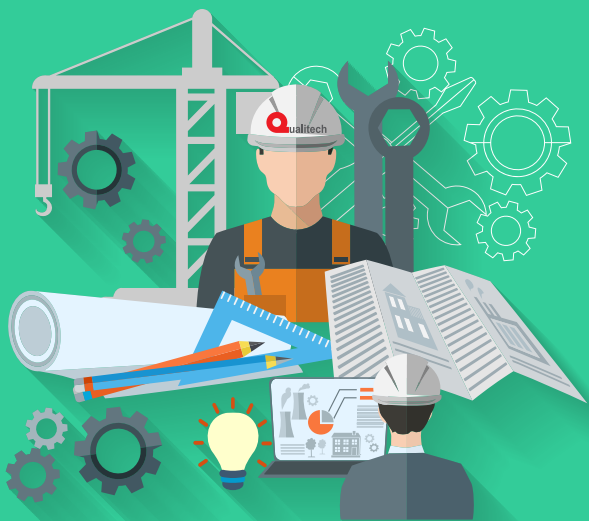


## Message from the Chairman of the Board of Directors

Throughout the previous year of 2019, the Company's operating results have improved owing to the recovery of industries especially the construction of more petrochemical factories, leading to the greater demand in Non-Destructive Testing (NDT) and testing for the mechanical properties of materials and metallurgy (LAB). In addition, during the maintenance break, the Company acquired two testing projects from domestic customers and one project from abroad.

As for subsidiaries in Myanmar, they began to obtain a greater amount of projects and income from NDT, and the construction of gas storage terminals. Combined with the collaboration among staff and determination of the executive committee, the Company's consolidated financial statements totalled 480.58 Million baht, a 27.28 % increase and the net profit accumulated to 50.94 baht, a 407.74 % increase compared to the previous year.

Regarding the year 2020, the Company estimates that the construction industry will continue in expanding petrochemical factories in Thailand. Also, the construction project of the oil refinery that commenced at the beginning of the year is set to be completed in around two to three years. In addition, as regards the construction of oilrigs and drilling platforms for natural gas, the Company has employed more skilled staff in the expansion of the manufacturing of oil and natural gas in the Gulf of Thailand as well as replace the original gas wells which are decreasing in productivity. Moreover, the main clients of the Company who manufacture and assemble the production and distillation modules have started to increase productivity to export to international customers. Therefore, the demand in Non-Destructive Testing (NDT) and testing for the mechanical properties of materials and metallurgy (LAB) continues to grow. Inspection during operation or maintenance break and inspection for certification services are also in constant demand. However, the competition in price and service in this industry is high and fierce.



As regards the operations of adding new services, business expansion, and the extension of the customer base, as well as the creation of business alliances in foreign countries, the Company has successively engaged in such aspects. Some have begun to be accomplished such as pipeline pigging, and the creation of an alliance network with other testing companies in the ASEAN member countries. This enables the Company to offer a greater diversity of services different from rivals, increasing and widening income base.

At the same time, the Company continues to recruit more staff and is determined to develop so as to acquire more knowledge and various skills to provide continual service to customers, and enhance the Company's capability in service provision. Meanwhile, the Company continues to reinforce and develop personnel in a clear direction, adjust work performing methods appropriate to the environment and changes in present society, as well as instilling professional ethics amongst staff.

Lastly, on behalf of the Board of Directors, executive officers and all staff, I would like to express our heartfelt gratitude to all shareholders, customers, business partners, business alliances and all stakeholders relevant to the Company's business operations for their continued trust and support. The Board of Directors and the executives would like to emphasize that we are determined to drive the business forward professionally, produce accurate and quality work as well as continually develop the organization, with full awareness of good corporate governance, social responsibility and professional ethics in return for the trust and confidence that all parties have in the Company. This will lead to benefits and sustainable growth in society.



Mr. Sannpat Rattakham  
Chairman of the Board of Directors  
Chairman of the Executive Board

02



## Report of the Audit Committee







# 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 and The Stock Exchange of Thailand. The members are as follows:

- |                                |                                 |
|--------------------------------|---------------------------------|
| 1. Mr. Somyos Chiamchirungkorn | Chairman of the Audit Committee |
| 2. Mr. Tinnakorn Seedasomboon  | Audit Committee                 |
| 3. Mr. Somchai Jongsirilerd    | Audit Committee                 |

In 2019 the Audit Committee arranged 4 meetings with the executives, internal auditors and auditors including the meeting attended by only the audit committee and auditors. The significant matters regarding the work performance in 2019 are as follows:

## 1. Financial Reports

The Committee reviewed 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 reviewed 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 Committee provided advice and suggestions to executives for improvements.



### **3. Risk Management Adequacy**

The Committee reviewed the risk management guidelines and policy, progression of operation risk management so as to mitigate or control risk, as well as auditing the several working operating systems of the Company, the adequacy of the risk control system. The Company communicated with staff to make them aware of risk, and the common responsibility between the executives and staff to manage existing risks. The Committee considered the Company to have an adequate risk management and assessment system, with the risk assessment of both internal and external factors and stakeholders. The risk management plan has also been designated to ensure that the possible risk impact stays at a low or acceptable level.

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

The Committee reviewed 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 reviewed 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 regulations 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 The 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 2020 with the compensation not exceed 1,090,000 Baht. Name of the auditors are as follows;

Mrs. Suvimol Krittayakiern	CPA Registration No.2982	or/and
Mr. Jumboj Prairattanakorn	CPA Registration No.7645	or/and
Mr. Nopparoek Pissanuwong	CPA Registration No.7764	or/and
Ms. Suphaphorn Mangjit	CPA Registration No.8125	

In addition to mention financial audit fee above, the Company also settles for Performance’s audit in accordance with BOI certificate (Board of Investment at amount 30,000 Baht and financial audit fee for two subsidiary company : QLT International Company Limited at amount 95,00 Baht and Duwell Intertrade company Limited at amount 170,000 Baht

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



03



Report of the Nomination and  
Remuneration Committee





# Report of the Nomination and Remuneration Committee

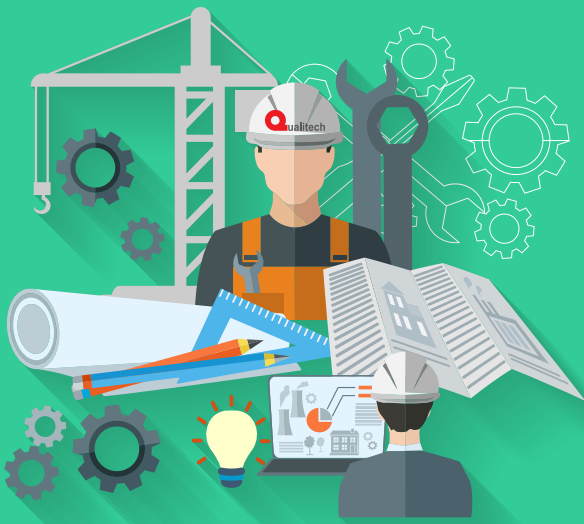
The Nomination and Remuneration Committee was appointed by the Company's Board of Directors on May 7, 2016 as to be in line with the good corporate governance policy of the Company and Stock Exchange of Thailand. The Committee assists the Board in the areas of the nomination and remuneration of all the 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 as follows:

Mr.Somyos	Chiamchirungkorn	Chairman of the Nomination and Remuneration Committee/Independent Director
Mr.Somchai	Jongsirilerd	Member of the Nomination and Remuneration Committee/Independent Director
Mr.Tawatchat	Lipithorn	Member of the Nomination and Remuneration Committee/Executive Director

For the year 2019, the Committee held a meeting on 21 January 2020 and summarized the major content regarding the work performance of the Nomination and Remuneration Committee as follows:

1. Select and propose candidates whose qualifications are suitable to be directors to replace those who complete the term.
2. Consider the remuneration of the committee and executive committee for the year 2019 within the budget approved by the shareholders.
3. Designate the 2020 remuneration for the Board of Directors and committees for proposal in the meeting. The Board of Directors approved and proposed the remuneration to the shareholder meeting for approval.



4. Consider the assessment result of the work performance of the Managing Director as of 2019 and specify the remuneration accordingly.

5. Revised the Nomination and Remuneration Committee's Charter to be line with the adjustment of the Company's structure.

On behalf of The nomination and Remuneration committee

Mr.Somyos Chiamchirungkorn  
Chairman of The nomination  
and remuneration committee

04



## The Board of Directors





# The Board of Directors



1. Mr.Sannpat Rattakham

- ◆ Chairman of the Board of Director
- ◆ Director
- ◆ Chairman of the Executive Board
- ◆ Executive Director



2. Mr.Somyos Chiamchirungkorn

- ◆ Chairman of the Audit Committee
- ◆ Independent Director
- ◆ Chairman of the Nomination and Remuneration Committee



3. Mr.Somchaan Lubtikultham

- ◆ Director



# The Board of Directors

4. Mrs.Maneerat Rattakham

- ◆ Director
- ◆ The Company Secretary



5. Mr.Tinakorn Seedasomboon

- ◆ Member of the Audit Committee
- ◆ Independent Director



6. Mr.Somchai Jongsirilerd

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

# The Board of Directors

## 7. Mr. Domdej Sripinproach

- ◆ Director
- ◆ Executive Director
- ◆ Managing Director



## 8. Mr. Thawatchai Lipithorn

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

## 9. Mr. Supachok Sirichantaradilok

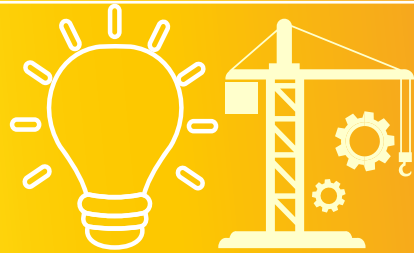
- ◆ Director
- ◆ Executive Director



05



Nature of Business





• Company Data•

Location and Branch

Company Name	Qualitech Public Company Limited.
Registered Capital	98.57 million Baht with 98.57 million Baht paid up
Type of Business	Non-Destructive Testing, Inspection & Certification and Mechanical Testing
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 to10 Fax. (+66) 3869-2028

Branch Office (1)

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



Branch Office (2)

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



Branch Office (3)

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





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CPA Registration No. 2982  
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316/32 Soi Sukumvit 22, Sukumvit Road,  
Klongtoey District, Bangkok 10110  
Tel. (+66)2259-5300 Fax. (+66)2260-1553

06



Overview of Business





Qualitech Plc. conducts its business offering the Safety Engineering Service, Non-Destructive Testing, Destructive Testing, Mechanical and Metallurgical Testing, Inspection and Certification, as well as providing consulting service regarding engineering safety at the international level (Third Party Engineering Service) to several organizations in accordance with global standards.

Qualitech Plc. provides the Safety Engineering Service as concerns Testing, Inspection and Certification using high technology for customers in the market industry such as energy and others. The Company's engineering services total 5 categories:

### **1. Non-Destructive Testing (NDT)**

The method of process is to find defects or malfunctions in pieces or equipment using high technology to ensure no damage on tested pieces or equipment. This includes magnetic particle testing, penetrant testing, ultrasonic testing and radiography, etc.

### **2. Destructive Testing**

This method is performed using Metrological and Mechanical Testing to test the physical and chemical properties of different types of metal such as tensility, compression, pressure and impact. It also includes the inspection of microstructure in a metal, and the testing of chemical composition affecting the solidity and erosion of metal.

### **3. Plant Inspection Service**

The inspection is performed on equipment and/or work pieces installed in the plant using Non-Destructive Testing so as to assess the condition of equipment and/or specimen to find out whether they can continue to function safely. Furthermore, Risk Based Inspection is applied to specify, assess, and compile an accurate engineering risk map or prioritize the necessity to inspect each item of equipment, tool or work piece.



#### **4. Inspection and Certification**

This is an ongoing process or a process continuing on from the testing and inspection. During this process, the Company will evaluate the testing results or inspect the work according to the technical methods during each stage. The Company then will compile a report certifying the functional condition realistically and accurately, identifying how safe the condition is of the equipment, tools or work pieces. For example, the certification of test results, inspection of storage tanks and pipeline for the transfer of oil, natural gas, liquid propane gas, industrial boilers, and containers for dangerous chemical substances or objects in compliance with the law as stipulated by the Department of Energy Business and the Department of Industrial Works.

#### **5. Tank Cleaning**

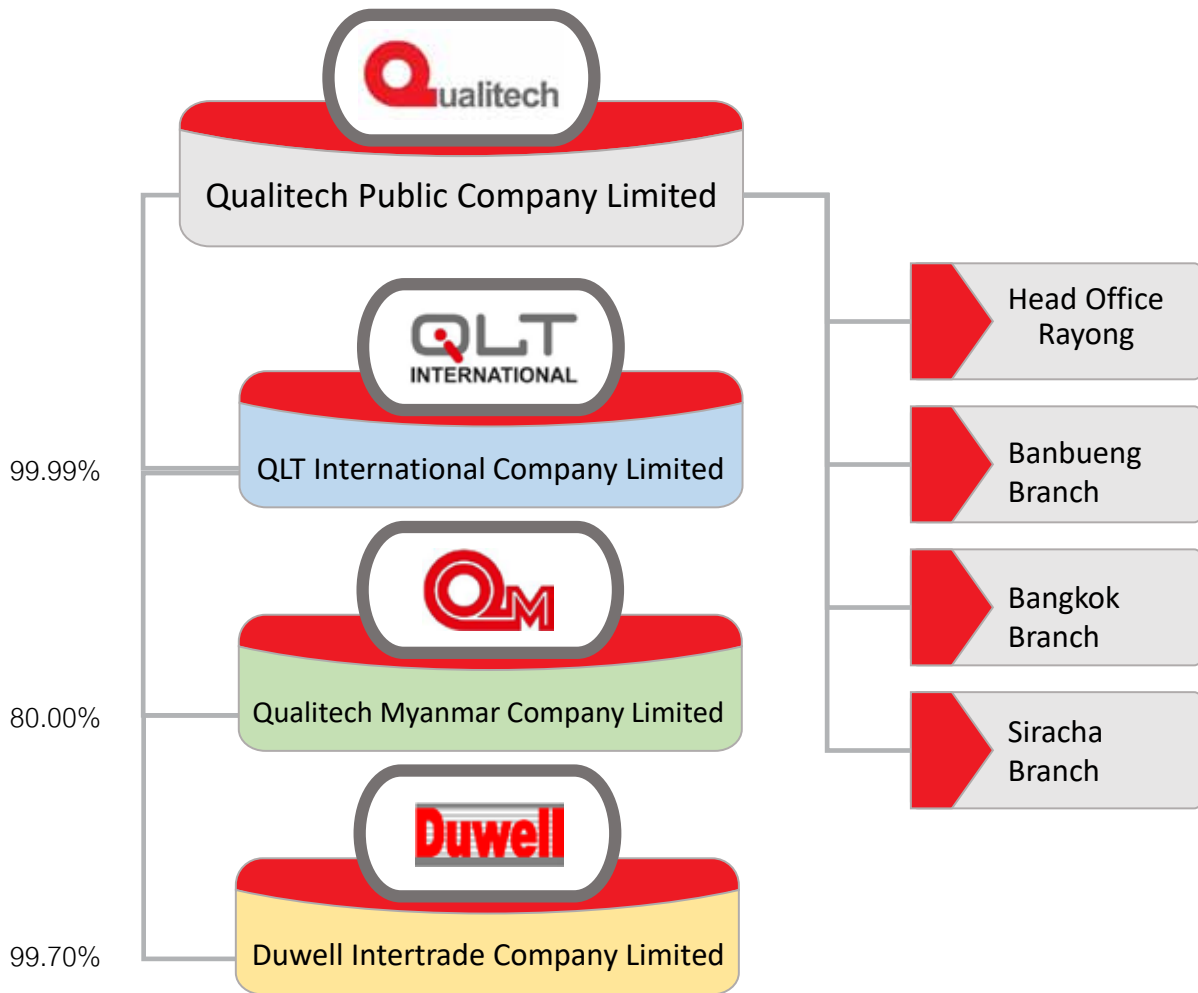
This is a cleaning service for industrial tanks prior to operation following the process. For example, cleaning before entering the tank inspecting process, cleaning to remove sediment or to change the type of substance to store in the tank.

As the main clients of the Company are large industrial entrepreneurs such as those in energy, construction, project owners, project contractors, etc., the Company has set the target for the business to continuously compete with the technology driving the change in the industry market. In addition, the Company is placing emphasis on the business management to become strong, up-to-date, and continually and effectively supporting the job market by expanding business and new services using high technology as well as building the alliance network. The Company also extends its business base into other industries so as to build up the Company's business activities for strong development and stability.

07

## Shareholding Structure of the Company and Affiliates





Note : Qualitech Plc. acquired ordinary shares of Duwell Intertrade Co.,Ltd. in January 2020.



**Qualitech has 3 subsidiaries:**

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

Qualitech Plc. holds 99.99% of QLTI which has a registered capital of 20,000,000 Baht and paid up capital of 10,250,000 Baht, and operates its business selling equipment and tools relevant to Non-Destructive Testing (NDT)

**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.

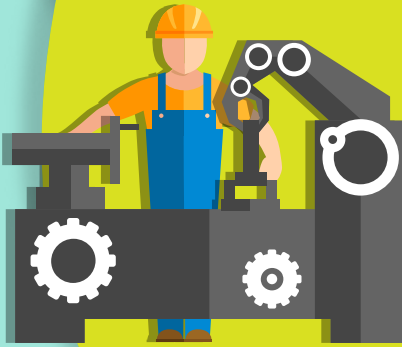
**3. Duwell Intertrade Co., Ltd.**

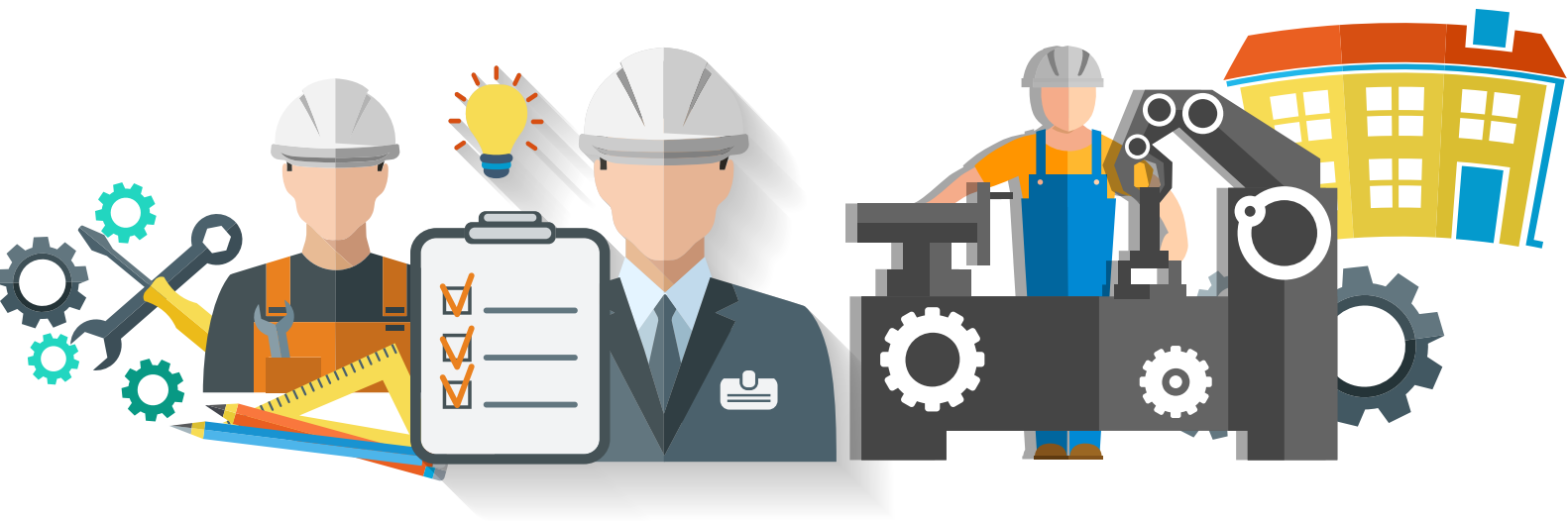
Qualitech Plc. holds 99.70% of The total shares. Duwell Intertrade Co., Ltd. which has a registered capital of 1,000,000 Baht and paid up capital of 1,000,000 Baht, and operates its business selling equipment and tools relevant to Non-Destructive Testing (NDT)

08



Revenue Structure





## Revenue Structure

Unit: Million Baht

Type of Work	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Non-Destructive Testing	203.37	42.32	151.38	40.09	141.83	36.50
Inspection and Certification	246.16	51.22	198.16	52.48	238.76	61.44
Others	27.38	5.70	15.77	4.18	4.62	1.19
Others Revenue	3.67	0.76	12.27	3.25	3.40	0.87
Total	480.58	100.00	377.58	100.00	388.61	100.00

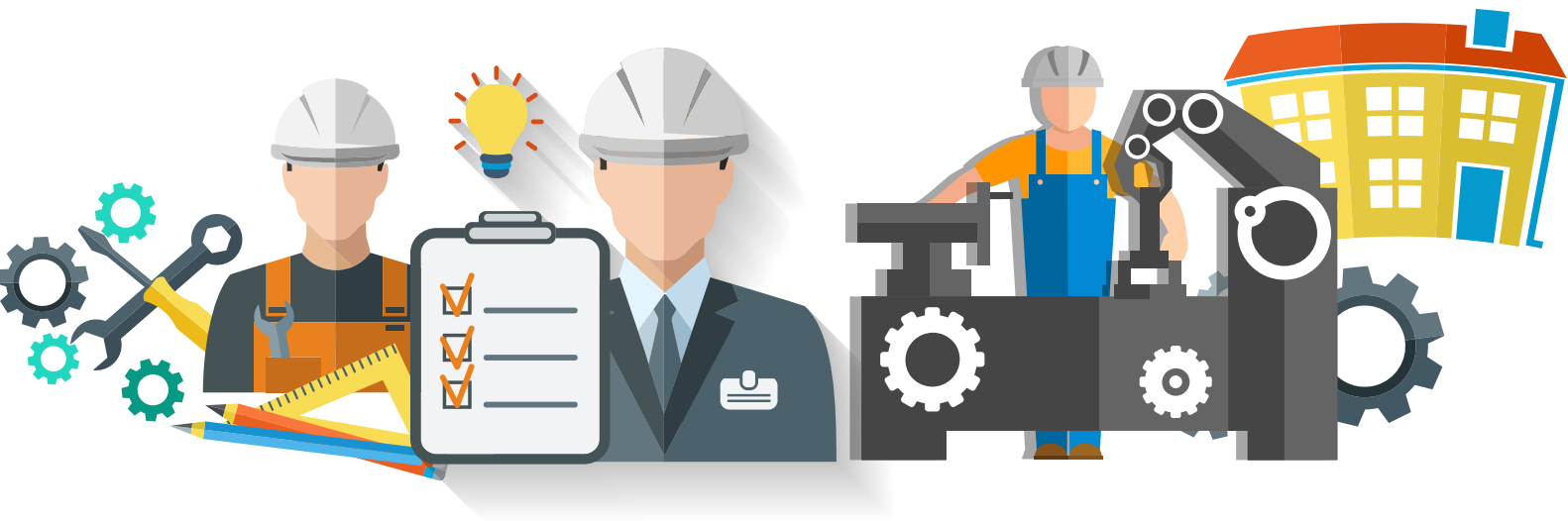


09



Risk Factors





## 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.

## **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.

### **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**

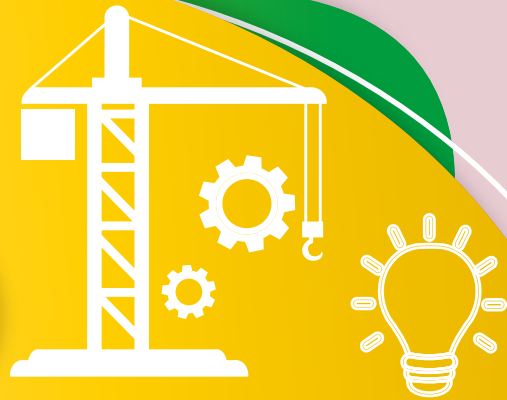
The Company uses consumables in providing different types of services that do not cost much. Most consumables are ordered online through domestic dealers and several authorized distributors. A purchase is not made with only one distributor. Therefore, the Company has no risk derived from dependence on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

10



Shareholding Structure





## Shareholding Structure

### ◆ 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. Top ten of the Shareholders as of December 30, 2019 are as follow:

Rank	Name of Shareholders	No. of Shares	Percentage
1	Mr. Sannpat Rattakham Group <sup>1</sup>	22,393,260	22.72
2	Mr. Somchaan Lubtikultham Group <sup>2</sup>	19,106,535	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	Ms. Wimol Saetiao	3,675,000	3.73
6	Mr. Sumet Techachainiran <sup>5</sup>	3,428,255	3.48
7	NORTRUST NOMINEES LTD - CLAC	3,218,600	3.27
8	Ms. Rashaneewan Rawirach	1,722,000	1.80
9	Ms. Piyada Khunsongkiet	1,519,700	1.54
10	Mr. Somchai Padpai	1,250,000	1.27
	Total top ten major shareholders	75,983,385	77.09
	Total no. of shares	98,568,485	100.00

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

Name	No. of	% of paid-up shares
Mr. Sannpat Rattakham	17,840,000	18.10
Ms. Yanakorn Rattakham	4,502,000	4.57
Mrs. Maneerat Rattakham	35,910	0.04
Ms. Pranee Rattakham	14,650	0.01
Mr. Komjak Rattakham	700	0.00
Total	22,393,260	22.72

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

Name	No. of	% of paid-up shares
Mr. Somchaan Lubtikultham	10,027,500	10.17
Ms. Monchaya Lubtikultham	4,660,835	4.73
Ms. Monsicha Lubtikultham	4,410,000	4.47
Mr. Monthanat Lubtikultham	8,200	0.01
Total	19,106,535	19.38

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

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

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

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

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

Name	No. of	% of paid-up shares
Mr. Sumet Techachainiran	1,835,055	1.86
Ms. Nattacha Techachainiran	1,593,200	1.62
Total	3,428,255	3.48

#### ◆ 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 tax of the juristic person and required under the law. The Company may designate the dividend payment at a lower rate than the rate specified above.

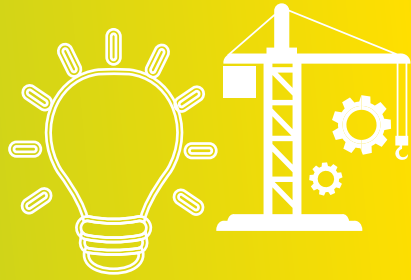


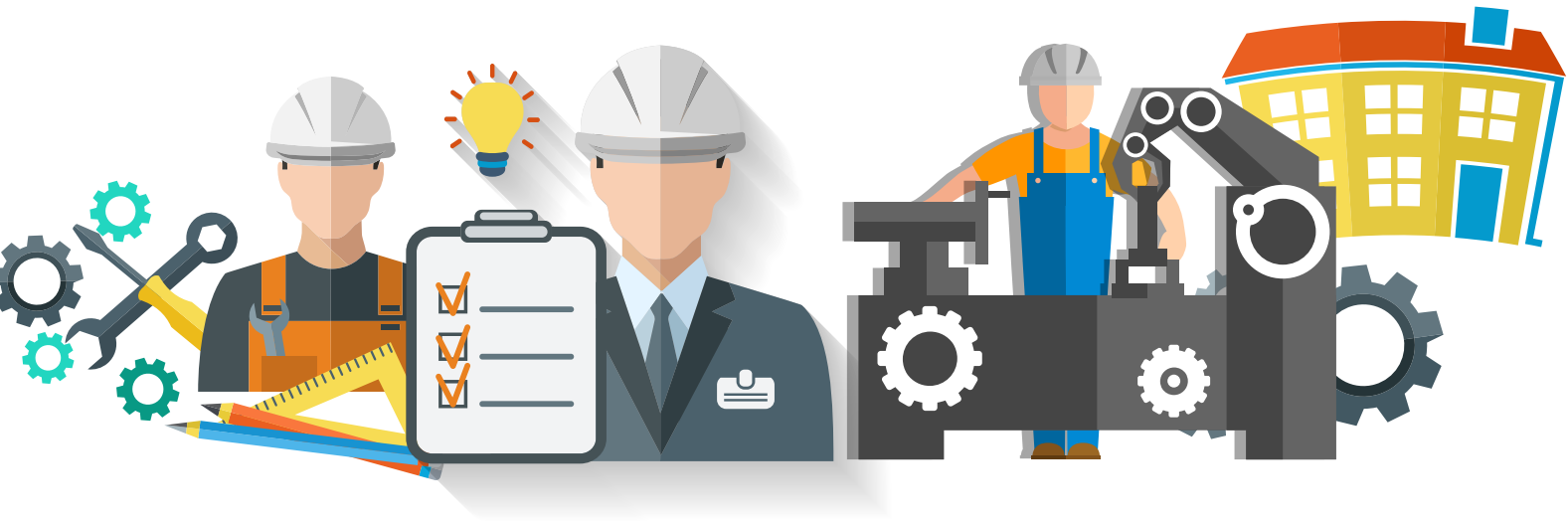


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## Management Structure





## Organization Chart



Issue date October 5, 2019



## ◆ Board of Directors, 2019

Rank	Name	Position	Education	Training on the functions and skills of director
1	Mr. Sannpat Rattakham	Chairman of the Board of Director/ Director Chairman of the Executive Board/ Executive Director	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. Somchaan Lubtikultham	Director	Master degree	DAP
6	Mrs. Maneerat Rattakham	Director/ The company's secretary	Bachelor degree	DAP
7	Mr. Domdej Sripinproach	Director/Executive Director	Master degree	DAP
8	Mr. Thawatchai Lipithorn	Director/Executive Director / The nomination and remuneration committee	Bachelor degree	DAP
9	Mr. Supachock Sirichantaradilok	Director/Executive Director	Master degree	DAP/DCP

### ◆ Directors completing the term during 2019

Rank	Name	Position	Education	Training on the functions and skills of director
1	Mr. Sumet Techachainiran <sup>1</sup>	Director	Master degree	DAP

Note: <sup>1</sup> Mr. Sumet Techachainiran has completed the term position as a Director according to the resolution of the Ordinary Meeting of Shareholders on 3 April 2019.

### ◆ 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, Mr. Thawatchai Lipithorn, Mr. Domdej Sripinproach, and Mr. Supachock Sirichantaradilok. Two out of four Directors can co-sign and stamp 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	Position
1	Mr. Somyos Chiamchirungkorn	Chairman
2	Mr. Somchai Jongsirilerd	Member
3	Mr. Tinakorn Seedasomboon	Member of which have sufficient knowledge in accounting to review the reliability of the financial statement.

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

## ◆ Term of 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 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 review 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 review that the Company has proper and effective internal control and internal audit system;

3. to review 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 nomination and remuneration committee
3	Mr. Thawatchai Lipithorn	Member of the nomination and remuneration 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	Chairman of the Executive Board
2	Mr. Thawatchai Lipithorn	Executive Director
3	Mr. Supachok Sirichantaradilok	Executive Director
4	Mr. Domdej Sripinproach	Executive Director

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

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

### ◆ **Terms of Reference and Responsibilities of the Chairman of the Executive Board**

1. Supervise and provide consultancy to the Managing Director as regards the Company's management to be in alignment with the Company's policy.

2. Be an authorized person of the Company to ensure that the Company's business management is carried out in line with the objectives, regulations, policy, rules and orders, resolution of the meeting of shareholders and/or the Board of Directors and/or Executive Directors of the Company.

3. Approve of the payment for the usual procurement of the Company whereby the purchasing of raw materials within the budget per item not exceeding 30 million baht (thirty million baht), and the purchasing of tools and equipment or fixed asset used in the operation within the budget per item of not more than 10 million baht (ten million baht)

4. Approve the selling and the Company's usual service provision such as the approval of selling products, and the approval to make work contract within the budget per item not exceeding 100 million baht (one hundred million baht)

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

6. Have the authority to approve the loan requested by subsidiaries within the financial amount not exceeding 2 million baht (two million baht).

7. Consider allocating retirement pay, rewards or other remunerations to staff at the level of department manager or higher, or the Company's employees or any individual carrying out business on behalf of the Company.

8. Be authorized to or sub-authorize on behalf of the juristic- person engineering certification unit on the part of the boiler or steam boiler using fluid as heat medium that the Company has registered with the Department of Industrial Works.

9. Have authority or sub-authorize on behalf of the Company to apply for and renew licenses, approve a report on test results, submit such report, arrange to meet with a government officer from the Department of Industrial Works and the Department of Energy Business.

10. Have authority or sub-authorize on behalf of the Company to apply for and renew licenses, approve and sign papers, arrange to meet with a government officer from the Thailand Council of Engineers.

11. Have authority to perform any act relevant to the above-mentioned duties until completion.

12. Have authority to sign to certify a copy of documents relevant to such tasks until completion.

13. Have authority to approve expenditure, part of which is beyond the approval authority of the Managing Director. Such approval authority shall not exceed that of the Executive Directors.

14. Perform other duties as assigned by the Company's Board of Directors/Executive Committee at time.

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

1. To supervise operations and manage the daily work of the Company in line with the Company's policy, as well as approving matters regarding the normal operations of the Company and/or authorize the executives or any individual to proceed with tasks as regards the Company's daily business activities, and to perform a specific duty under the supervision of the Managing Director, within the time the Managing Director deems appropriate. The Managing Director is entitled to revoke, withdraw, change or amend such authority.

2. To act as an authorized person of the Company in managing the Company's business to fully comply with the objectives, rules, policies, regulations, rules, orders, resolutions of the meetings of shareholders and/or the Board of Directors and/or the Executive Committee.

3. To proceed with a task in line with the policy, work plan and budget approved by the Executive Committee and/or the Board of Directors of the Company.

4. To approve payments of the Company's purchases for its normal course of business, with the purchase budget of raw materials per item not exceeding 10 million baht (ten million baht), and the purchase of tools, equipment or fixed asset used in the operation within the budget per item not exceeding 5 million baht (five million baht).

5. To approve normal business sales and service provisions such as approving the sale of merchandise and the hire contracts as part of the normal business operation within a 50 million baht budget per item (fifty million baht)

6. Have authority to consider the employment of staff, recruit and appoint, as well as transferring across work field/division/department or remove from the staff position. To set the employment rate, remuneration, bonus as well as welfare related to all staff of the Company.

7. Be authorized to grant sub-authorization and/or appoint other persons to carry out specific tasks on his behalf. Such sub-authorization and/or appointment shall fall within the scope of authorization and/or be in accordance with the rules and regulations, and orders as stipulated by the Board of Directors and/or the Company.

8. To follow up and evaluate the operating results of the Company on a regular basis so as to prevent any risk caused by several factors, whether it be within or outside the Company.

9. Have the authority to make a contract related to the Company's normal operations, and other contracts beneficial to the Company's business.

10. To consider the allocation of retirement pay, rewards or other remunerations for staff (except the level of division manager upwards) or the Company's employees or any individual undertaking business on behalf of the Company.

11. Have the authority to issue orders, regulations, announcements, and memorandum to ensure work operations are aligned with the policy and benefits of the Company, and to maintain discipline and work performance within the organization.

12. Have the authority to, or sub-authorize on behalf of the juristic-person engineering certification unit on the part of boiler or steam boiler using fluid as heat medium that the Company has registered with the Department of Industrial Works.

13. Have the authority or sub-authorize on behalf of the Company to apply for and renew licenses, approve a report on test results, submit such report, and arrange to meet with a government officer from the Department of Industrial Works and the Department of Energy Business.

14. Have the authority or sub-authorize on behalf of the Company to apply for and renew licenses, approve and sign documents, and arrange to meet with the government officer from Thailand Council of Engineers.

15. Have the authority or sub-authorize on behalf of the Company to prosecute a legal case relevant to the Company's business operations.

16. Have the authority to carry out any act as related to the above-mentioned tasks until completion.

17. Have the authority to sign to certify copies of the documents relevant to the above-mentioned tasks.

18. To perform other duties as assigned by the Board of Directors/the Executive Committee at the time.

The Chairman of the Executive Board 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 Chairman of the Executive Board 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 2019 General Meeting of Shareholders on the 3<sup>rd</sup> April 2019 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
<i>Board of Director</i>	
<i>Chairman</i>	16,500 Baht/per time
<i>Director</i>	11,000 Baht/per time
<i>Audit Committee</i>	
<i>Chairman of the Audit Committee</i>	13,200 Baht/per time
<i>Member of the Audit Committee</i>	11,000 Baht/per time
<i>The nomination and remuneration committee</i>	
<i>Chairman of The nomination and remuneration committee</i>	13,200 Baht/per time
<i>Member of The nomination and remuneration committee</i>	11,000 Baht/per time

The Pension of Directors shall be paid at a rate not exceeding 3 million Baht per year. The Compensation of non employee Executive Director shall be paid at a rate not exceeding 3 million Baht per year and will be determined by The Nomination and Remuneration Committee.





### ◆ Attendance of the Meeting of Board of Directors in 2019

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. Sannpat Rattakham	6/6	-	-
2	Mr. Somyos Chiamchirungkorn	6/6	4/4	1/1
3	Mr. Tinakorn Seedasomboon	6/6	4/4	-
4	Mr. Somchai Jongsirilerd	6/6	4/4	1/1
5	Mr. Sumet Techachainiran <sup>1</sup>	2/6	-	-
6	Mr. Somchaan Lubtikultham	6/6	-	-
7	Mrs. Maneerat Rattakham	6/6	-	-
8	Mr. Domdej Sripinproach	6/6	-	-
9	Mr. Thawatchai Lipithorn	6/6	-	1/1
10	Mr. Supachok Sirichantaradilok <sup>2</sup>	4/6	-	-

Note : <sup>1</sup> Mr. Sumet Techachainiran has completed the term position as a Director according to the resolution of the Ordinary Meeting of Shareholders on 3 April 2019.

<sup>2</sup> Mr. Supachok Sirichantaradilok has been appointed as a Director according to the resolution of the Ordinary Meeting of Shareholders on 3 April 2019.



## ◆ Directors' Remunerations in 2019

No.	Name of the Board of Directors	Meeting allowances	Pension	Total
1	Mr. Sannpat Rattakham	99,000.00	270,000.00	369,000.00
2	Mr. Somyos Chiamchirungkorn	132,000.00	360,000.00	492,000.00
3	Mr. Tinakorn Seedasomboon	110,000.00	300,000.00	410,000.00
4	Mr. Somchai Jongsirilerd	121,000.00	330,000.00	451,000.00
5	Mr. Sumet Techachainiran	22,000.00	60,000.00	82,000.00
6	Mr. Somchaan Lubtikultham	66,000.00	180,000.00	246,000.00
7	Mrs. Maneerat Rattakham	66,000.00	180,000.00	246,000.00
8	Mr. Domdej Sripinproach	66,000.00	180,000.00	246,000.00
9	Mr. Thawatchai Lipithorn	77,000.00	210,000.00	287,000.00
10	Mr. Supachok Sirichantaradilok	44,000.00	120,000.00	164,000.00
	Total	803,000.00	2,190,000.00	2,993,000.00

## ◆ Directorial remuneration summary for 2018 and 2019

Remuneration	2019		2018	
	Person	Baht	Person	Baht
Meeting allowances	10	803,000.00	11	964,700.00
Pension	10	2,190,000.00	11	1,000,000.00
Total		2,993,000.00		1,964,700.00

## ◆ Remunerations of the Executives

Eleven 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 22,263,360.22 Baht in 2019.

### (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 2019 in the Company and Subsidiaries was 535 people as shown below.

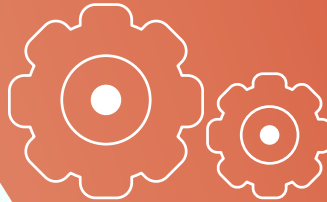
Institute	Number of Personnel	
	2019	2018
1. Executive Department	7	8
2. Operation Department	420	343
3. Support Department	108	93
Total	535	444

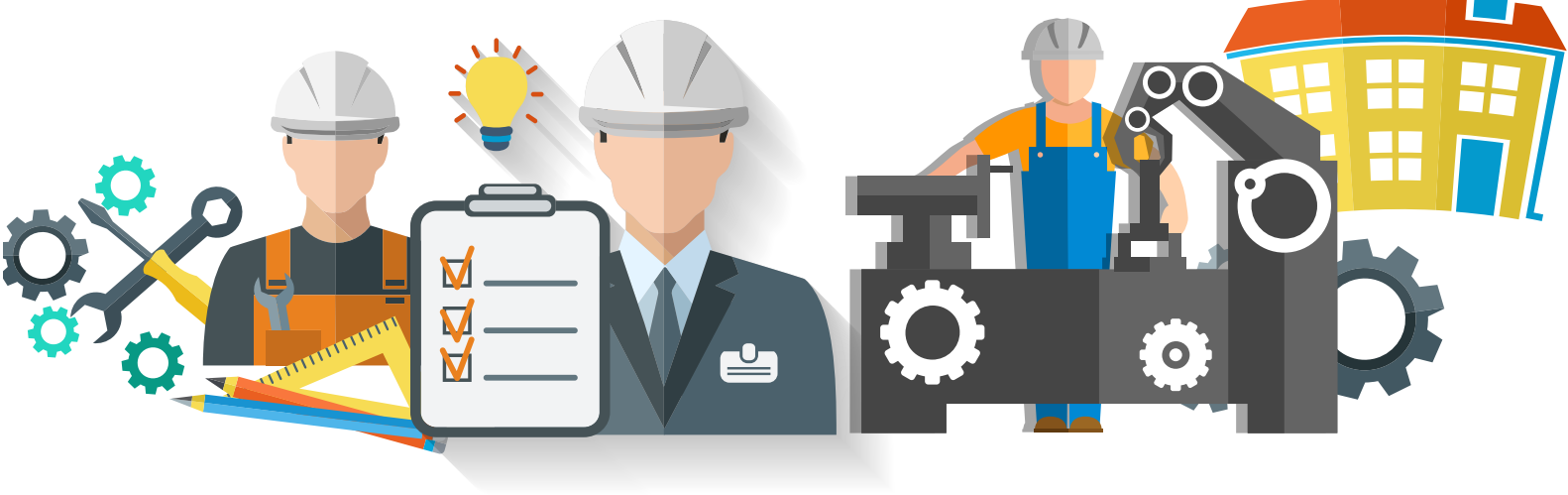
## ◆ Employee Returns

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.

12

Corporate Governance





## ◆ 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.

The Company has implemented Good Corporate Governance in developing guidelines for policies as regards the rights and equality of the shareholders and stakeholders, structures, roles and duties, responsibility and independence of directors, disclosure of information and transparency, risk control and management, as well as business ethics to enable the Company to manage and operate business efficiently and transparently. The Company reviewed practice to assure it was in accordance with the Corporate Governance Code for Listed Companies 2017 (CG Code) regulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. The Company's Board of Directors considered adapting the principles of CG Code in the business context of the Company for appropriateness and practicality. The principles cover six categories:

### **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 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,

- 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 e-mail 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 effect 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.

### **(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 the irconsideration. 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 2019

No.	Course	Date	Institute	Name of the Board of Directors
1	Analyzing the issue of a new rent contract (TFRS 16)	7 Jan 2019	The Stock Exchange of Thailand	Mrs. Maneeras Rattakham
2	Fundamental program of business sustainability	31 Jan 2019	The Stock Exchange of Thailand	Mr. Domdej Sripinproach
3	Director Accrediation Program (DAP)	11 Feb 2019	Thai Institute of Directors (IOD)	Mr.Tawatchat Lipithorn
4	Advanced Audit Committee Program (AACP)	30 May-6,13,20 Jun 2019	Thai Institute of Directors (IOD)	Mr. Somchai Jongsirilerd
5	Role of the Chairman Program (RCP) class 45/2019	18-19 Sep 2019	Thai Institute of Directors (IOD)	Mr. Sannpat Rattakham

## 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 Board 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 skillfully.
- Arrange supporting course for management's skill such as setting the guidelines for Objectives & Key Result (OKR), Team Building, and Business Plan.
- 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 2019, establishing the Development Plan and Succession Plan as guidelines for the year 2020.

- Annually schedule a training plan with appropriate budgeting in advance for effective training. In 2019, 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 2019 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 adjusting the working process to use natural resources to their fullest and most efficiently. The Power Saving Project sets the turn off time for the air-conditioning before the working hours finish in order to save the electricity bill and be environmentally-friendly. The Five Sor Project provides the areas for garbage bins to separate hazardous waste before entering the appropriate destruction process. The Company has been certified as the Green Industry Level 2 so as to be part of carrying out the service activity with trade partners to reduce the impact on the environment.

### **(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 2019, the Company supported and attended the following social activities:**

- The Company provided school students and university students with the opportunity for internships so as to improve their knowledge and competency to 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 joined the Green Industry Project, and received level 2 certification as approved by the Ministry of Industry reflecting its determination and involvement in the operation of the service activity to reduce the impact on the environment together with trade partners.

- 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 communities.
- Participated in an activity with the Baanplong Community, Map Ta Phut, Rayong 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 term of value for the economy, society and the environment by continuously arranging various training courses in any related fields and exchanging information, ideas and opinion through the "Executives Meet Employees Event".

## **◆ Internal Control**

### **1. Sufficiency of Internal Control System**

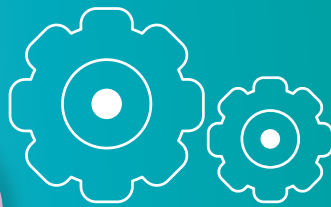
At the meeting of the Board of Directors of Qualitech Public Company Limited no.2/2020 on 22 February 2020, the Board has evaluated the internal audit system by acquiring data insights from the management relating to the sufficiency of the internal audit system of the Company in the following 5 sectors: 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 Major 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 2019 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.

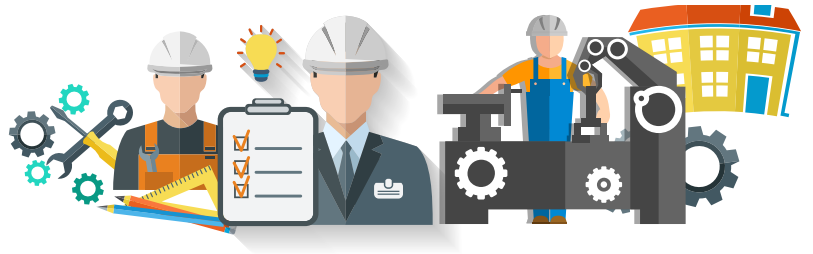
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Related Transactions







## ◆ Related Transactions

Details of possible conflicts about the connected transactions between the company and its subsidiaries with connected parties that occurred in 2019 appear below:

### (1) Cross-Transaction of Qualitech Public Company limited

Related party	Relationship	Nature,condition and value	Necessity and Reasonability	Audit Committee's Opinion
QLT International Company Limited	Subsidiary company. The Company holds 99.99% of shares. Directors and Management are common shareholders.	<p><b>Incomes</b></p> <p>Wages, building and furniture rental, management fee, staff uniform</p> <p>2019: 0.33 Million Baht</p> <p>2018 : 0.30 Million Baht</p>	Wages were for employment. The rate was equivalent to the employment of other companies	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
			Building and furniture rental was equivalent to the market price.	
			Management fee was the ordinary operation fee and beneficial to the Company's operations.	
		<p><b>Expenses</b></p> <p>Wages, Consumable</p> <p>Consumable</p> <p>2019: 4.61 Million Baht</p> <p>2018: 2.66 Million Baht</p>	Consumables were purchased at a price equivalent to the market price.	

Related party	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.	<p><b>Incomes</b></p> <p>Wages</p> <p>2019: 2.71 Million Baht 2018: 0.21 Million Baht</p>	<p>Wages were for employment. The rate was equivalent to the employment of other companies.</p> <p>Management fee was the ordinary operation fee and beneficial to the Company's operations.</p>	<p>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.</p>
Duwell Intertrade Company Limited	Common Directors	<p><b>Incomes</b></p> <p>Rental</p> <p>2019:0.20 Million Baht 2018:0.05 Million Baht</p> <p><b>Expenses</b></p> <p>Iridium cost,Consumable 2019: 4.01 Million Baht 2018: 0.38 Million Baht**</p> <p>**Note : Details of cross-transaction was from 10 Nov 2018 until 31 Dec 2018.</p>	<p>Building and furniture rental was equivalent to the market price. The rental period lasted from 1 Jan 2019 to 31 Dec 2020.</p> <p>The rental for the place for change of radioactive material was equivalent to the market price. The rental period lasted from 1 Jan 2019 to 31 Dec 2020.</p> <p>The purchase of Iridium 192 was transaction made with only licensed distributors.</p> <p>Consumables were purchased at a price equivalent to the market price</p>	<p>The Audit Committee considered such transaction to be in line with normal trading and beneficial to the Company's operations</p>

## (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.	<b>Expenses</b> Office rental fee 2019: 0.00 Million Baht 2018: 0.19 Million Baht	Office rental fee was for work operations. The rate was evaluated by an Ind appraiser certified by the SEC. The rental period lasted from 1 Nov 2016 to 30 Sep 2018.	The Audit Committee was of the opinion that such transaction was beneficial to the Company's operations. The rental rate was reasonable.

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

In making transaction with a person who may have conflict of interest, the matter shall be proposed to the Company's Board of Directors for consideration and approval of such related party transaction for the utmost benefit of the business, as well as for the protection of investors and those related to the Company. Such related party transactions shall be undertaken in accordance with the law on stocks and the stock market, regulations, notification, order or the regulations of the Stock Exchange of Thailand. Those with conflict of interest or stakes in such transactions have no rights to participate in the approval of the related party transactions.

As for transactions in the normal course of business, such as buying and selling goods, the Company has a policy specifying the conditions of such transactions to be in accordance with normal business practice and at the market price comparable with the price of a third party. The Audit Committee shall consider and give opinions on such transactions on a quarterly basis. 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 qualification of goods, for the maximum benefit of the Company.

## **2. Future Trends in Related Party Transactions**

As concerns the related party transactions in the future, the relevant conditions of the transactions shall be in accordance with normal business trading with reference to the appropriate 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 involves a person with a possible conflict of interest in the future, the Company will adhere to the regulations, notifications and/or the regulations of the Security and Exchange Commission and the Stock Exchange of Thailand and/or the Stock Exchange of Thailand.

The Company may assign independent experts or company's auditors to provide opinions relating to such transactions for use in the decision making process of the Board of Directors or the shareholders depending on the case. In this regard, the group of companies will disclose the transactions among each other in the notes to the financial statement as examined by the Company's auditors.

## Financial Status and Result of the Operation

Qualitech Public Company Limited and Subsidiaries

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2017 to 2019

Unit: Thousand Baht

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Result of the Operation						
<b>Total Revenue</b>	<b>480,575.76</b>	<b>100.00</b>	<b>377,580.34</b>	<b>100.00</b>	<b>388,609.21</b>	<b>100.00</b>
Revenue from services	476,917.93	99.24	365,309.16	96.75	385,213.33	99.13
Cost of services	352,635.30	73.38	297,441.87	78.78	298,653.65	76.85
<b>Gross Profit</b>	<b>124,282.63</b>	<b>26.06*</b>	<b>67,867.29</b>	<b>18.58*</b>	<b>86,559.68</b>	<b>22.47*</b>
Other	3,657.83	0.76	12,271.18	3.25	3,395.88	0.00
Profit before Distribution costs and Administrative expenses	127,940.46	26.62	80,138.47	21.22	89,955.56	23.15
Distribution costs	6,193.99	1.29	3,320.20	0.88	0.00	0.00
Administrative expenses	41,350.94	8.60	39,297.69	10.41	49,817.08	10.50
Directors' remuneration	2,993.00	0.62	2,096.00	0.56	2,298.10	0.59
Management benefit expenses	22,263.00	4.63	21,918.00	5.80	24,123.15	6.21
Total Distribution costs and Administrative expenses	66,606.94	13.86	63,311.69	16.77	67,238.33	17.30
<b>Profit before finance costs and income tax expense</b>	<b>55,139.53</b>	<b>11.47</b>	<b>13,506.58</b>	<b>3.58</b>	<b>22,717.23</b>	<b>5.85</b>
Finance costs	594.82	0.12	499.86	0.13	611.80	0.16
<b>Profit before income tax expense</b>	<b>54,544.71</b>	<b>11.35</b>	<b>13,006.71</b>	<b>3.44</b>	<b>22,105.43</b>	<b>5.69</b>
tax expense	3,698.40	0.77	2,342.00	0.62	2,215.31	0.57
<b>Profit for the year from continuing operations</b>	<b>50,846.31</b>	<b>10.58</b>	<b>10,664.71</b>	<b>2.82</b>	<b>19,890.12</b>	<b>5.12</b>
Loss for the year from discontinued operations	0.00	0.00	(1,197.51)	(0.32)	6,199.08	1.60
<b>Profit for the year</b>	<b>50,846.31</b>	<b>10.58</b>	<b>9,467.20</b>	<b>2.51</b>	<b>26,089.18</b>	<b>6.71</b>
Other comprehensive income	(3,277.99)	(0.68)	2,975.75	0.79	(2,323.15)	(0.60)
Total comprehensive income for the year	47,568.31	9.90	12,442.95	3.30	23,766.03	6.12
Basic earnings per share (Baht)	0.52		0.10		0.27	
Book value per share (Baht)	4.63		4.45		4.35	
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, 2017 to 2019

Unit : Thousand Baht

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Result of the Operation						
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	50,103.29	9.24	50,994.00	10.51	47,089.20	9.31
Current investment	78,386.98	14.45	101,640.59	20.95	117,867.70	23.30
Trade and other receivables	105,826.49	19.51	66,777.54	13.76	82,159.91	16.24
Unbilled services income	93,409.46	17.22	60,152.48	12.40	43,460.35	8.59
Inventories	9,484.81	1.75	4,571.52	0.94	6,622.84	1.31
<b>Total current assets</b>	<b>337,211.03</b>	<b>62.16</b>	<b>284,136.13</b>	<b>58.56</b>	<b>297,200.00</b>	<b>58.75</b>
<b>Non-current assets</b>						
Bank deposits with obligations	66.66	0.01	4,468.40	0.92	3,500.00	0.69
Property, plant and equipment	189,537.63	34.94	182,614.52	37.63	194,648.74	38.49
Other intangible assets	2,019.42	0.37	2,186.40	0.45	2,138.87	0.42
Deferred tax assets	1,623.07	0.30	1,291.65	0.27	1,642.20	0.32
Income tax deducted at source	10,426.65	1.92	9,623.96	1.98	6,298.45	1.25
Others non-current assets	1,566.68	0.29	915.84	0.19	404.14	0.08
<b>Total non-current assets</b>	<b>205,240.11</b>	<b>37.84</b>	<b>201,100.78</b>	<b>41.44</b>	<b>208,632.40</b>	<b>41.25</b>
<b>Total assets</b>	<b>542,451.14</b>	<b>100.00</b>	<b>485,236.91</b>	<b>100.00</b>	<b>505,832.40</b>	<b>100.00</b>

Qualitech Public Company Limited and Subsidiaries  
 STATEMENTS OF FINANCIAL POSITION (Cont.)  
 AS AT DECEMBER 31, 2017 to 2019

Unit : Thousand Baht

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Result of the Operation						
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other current payables	54,815.11	10.11	28,533.65	5.88	34,882.94	6.90
Current portion of long-term liabilities	1,944.45	0.36	1,903.04	0.39	2,384.37	0.47
Short - term loans	0.00	0.00	0.00	0.00	0.00	0.00
Current income tax payable	0.00	0.00	0.00	0.00	441.37	0.09
<b>Total current liabilities</b>	<b>56,759.56</b>	<b>10.46</b>	<b>30,436.69</b>	<b>6.27</b>	<b>37,708.68</b>	<b>7.45</b>
<b>Non-current liabilities</b>						
Financial lease liabilities	3,593.29	0.66	2,012.03	0.41	2,181.13	0.43
Non-current provisions for employee benefit	25,601.27	4.72	14,288.93	2.94	16,027.13	3.17
<b>Total non-current liabilities</b>	<b>29,194.56</b>	<b>5.38</b>	<b>16,300.97</b>	<b>3.36</b>	<b>18,208.26</b>	<b>3.60</b>
<b>Total liabilities</b>	<b>85,954.12</b>	<b>15.85</b>	<b>46,737.66</b>	<b>9.63</b>	<b>55,916.94</b>	<b>11.05</b>
<b>Shareholders' equity</b>						
Authorized share capital	98,568.49	18.17	98,568.49	20.31	103,468.49	20.46
Issued and paid-up share capital	98,568.49	18.17	98,568.49	20.31	98,568.49	19.49
Share premium on ordinary shares	75,175.54	13.86	75,175.54	15.49	75,175.54	14.86
Equity-settled share-based payment	10,680.19	1.97	10,680.19	2.20	5,273.40	1.04
Appropriated-legal reserve	10,346.85	1.91	10,346.85	2.13	10,346.85	2.05
Retained earnings						
Unappropriated	261,692.27	48.24	243,602.34	50.20	262,113.05	51.82
Other components of shareholders' equity	0.00	0.00	0.00	0.00	(1948.16)	(0.39)
<b>Total owners of the Company</b>	<b>456,463.33</b>	<b>84.15</b>	<b>438,373.41</b>	<b>90.34</b>	<b>449,529.17</b>	<b>88.87</b>
Non-controlling interests	33.69	0.01	125.85	0.03	386.29	0.08
<b>Total shareholders' equity</b>	<b>456,497.02</b>	<b>84.15</b>	<b>438,499.25</b>	<b>90.37</b>	<b>449,915.46</b>	<b>88.95</b>
<b>Total liabilities and shareholders' equity</b>	<b>542,451.14</b>	<b>100.00</b>	<b>485,236.91</b>	<b>100.00</b>	<b>505,832.40</b>	<b>100.00</b>

Qualitech Public Company Limited and Subsidiaries  
 STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2017 to 2019

Unit : Baht

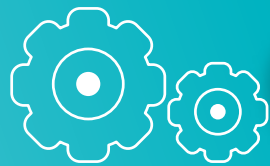
List	2019	2018	2017
<b>Cash flows from operating activities</b>			
Profit (loss) before income tax from continuing operations	54,544,709.01	13,006,714.74	22,105,418.73
Add (Less) Profit (loss) before income discontinued operations tax	0.00	(1,197,513.12)	7,747,669.13
Profit (loss) before income tax	54,544,709.01	11,809,201.62	29,853,087.86
Adjustments			
Unrealized gain on changes in investment valuation	(1,355,899.24)	(913,294.74)	(480,360.65)
Unrealized gain on exchange rate	264.00	0.00	691.10
Doubtful accounts (Doubtful accounts reversed)	(318,471.53)	1,082,320.23	847,335.24
Decrease (Increase) in unbilled service income	(33,233,092.93)	(17,265,852.43)	17,920,497.92
Loss on devaluation of inventories	78,452.95	0.00	0.00
Depreciation	26,361,954.80	27,279,030.81	30,835,034.94
Gain on Sale of segment	0.00	(9,459,265.90)	0.00
(Gain) Loss on disposal of fixed assets	89,677.16	304,443.22	(811,823.86)
Loss on impairment of assets	0.00	0.00	88,289.12
Reverse of loss on impairment of assets	0.00	(33,559.55)	0.00
Amortized other intangible assets	390,787.22	354,658.87	334,553.91
Provisions for employee benefits	0.00	0.00	0.00
Equity-settled share-based payment	7,419,324.24	1,543,389.64	3,242,398.27
Interest expenses	0.00	5,406,780.73	0.00
Unrealized gain on changes in investment valuation	594,819.65	505,723.13	651,805.66
	54,572,525.33	82,481,509.51	91,442,485.94
(Increase) Decrease in portion of operating assets			
Trade and other current receivables	(38,693,302.89)	15,144,082.98	15,820,684.02
Inventories	(4,991,747.31)	2,051,322.46	(331,875.21)
Other Intangible assets	(223,800.00)	(402,191.46)	(309,790.00)
Other non-current assets	(643,204.15)	(511,202.37)	(31,219.99)
Increase (Decrease) in portion of operating liabilities			
Trade and other current receivables	25,179,838.07	(7,240,200.25)	(3,188,266.92)



Qualitech Public Company Limited and Subsidiaries  
 STATEMENTS OF CASH FLOWS (Cont.)  
 FOR THE YEARS ENDED DECEMBER 31, 2017 to 2019

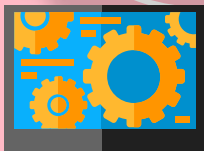
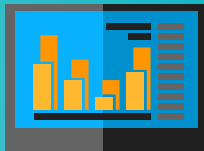
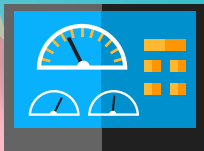
Unit : Baht

List	2019	2018	2017
Cash generated (paid) from operation	35,200,309.05	29,655,386.99	94,503,481.39
Employee benefit paid	0.00	(2,158,140.05)	0.00
Interest paid	(174,700.18)	(173,460.72)	(225,886.66)
Income tax paid	(4,637,609.49)	(6,259,228.85)	(8,457,914.16)
Income tax received	0.00	0.00	2,771,176.18
<b>Net cash provided by (used in) operating activities</b>	<b>30,387,999.38</b>	<b>21,064,557.37</b>	<b>88,590,856.75</b>
<b>Cash flows from investing activities</b>			
(Increase) Decrease in current investment	24,609,504.39	17,140,402.55	(70,145,767.55)
(Increase) Decrease in pledged bank deposit	4,401,740.00	(968,400.00)	26,813,819.01
Proceeds from sales of segment	0.00	13,066,000.00	0.00
Proceeds from sales of fixed assets	1,101,192.84	983,474.54	1,271,861.68
Payments for fixed assets acquisition	(29,610,222.99)	(15,537,353.75)	(20,292,907.20)
<b>Net cash provided by (used in) investing activities</b>	<b>502,214.24</b>	<b>14,684,123.34</b>	<b>(62,352,994.06)</b>
<b>Cash flows from financing activities</b>			
Payment for financial lease liabilities	(2,210,384.80)	(2,577,929.00)	(3,107,432.34)
Dividend paid	(29,570,545.50)	(29,570,545.50)	(19,714,897.00)
Proceeds from exercised of warrants to purchase ordinary shares	0.00	0.00	0.00
Proceeds from non-controlling interests	0.00	304,600.00	683,849.99
<b>Net cash provided by (used in) financing activities</b>	<b>(31,780,930.30)</b>	<b>(31,843,874.50)</b>	<b>(22,138,479.35)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(890,716.68)</b>	<b>3,904,806.21</b>	<b>4,099,383.34</b>
Cash and cash equivalents as at January 1	50,994,003.16	47,089,196.95	42,989,813.61
Cash and cash equivalents as at December 31	50,103,286.48	50,994,003.16	47,089,196.95



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Explanation and Analysis  
of Financial Status  
and Result of the Operation



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

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

#### Operation Summary

In 2019, the consolidated financial statement of Qualitech Public Company Limited totaled 480.57 million Baht, an increase of 102.99 million Baht or 27.28% owing to the continual demand in Non-Destructive Testing service for constructions and projects. In addition, the income acquired from the testing and inspection service for the major maintenance of refineries and petrochemical plants has substantially increased. As regards the cost of service, cost of distribution and management expense, the Company has higher expenses related to staff due to an increase in the number of employees to provide services to customers at the current moment, and to support projects in the future. The incremental cost regarding the Employee benefit obligation according to the new Labour Protection Act and the change in actuarial assumption have been acknowledged, resulting in the profits belonging to the main company reached 50.94 million Baht, an increase of 40.91 million Baht or 407.74% compared to 2018.

Income structure	2019		2018		%
	Million Baht	%	Million Baht	%	Change
Non-destructive Testing	203.37	42.32	151.38	40.09	34.34
Inspection and Certification	246.16	51.22	198.16	52.48	24.22
Other Service	27.38	5.70	15.77	4.18	73.62
Others	3.66	0.76	12.27	3.25	-70.17
<b>Total</b>	<b>480.57</b>	<b>100.00</b>	<b>377.58</b>	<b>100.00</b>	<b>27.28</b>

The Company's total income accumulated to 480.57 million baht, an increase of 102.99 million baht from 2018 or 27.28% compared to the year 2018 when the total income was 377.58 million baht. This rise was the result of the Company earning more income from every section.

### Cost of service Cost Distribution and Administrative expenses

In 2019, the Company's cost of service totaled 352.63 million Baht, a rise of 55.19 million baht or 18.56%. The proportion of service cost in 2019 was equivalent to 73.94% of the income from service. Consequently, the Company's gross profit was 26.06%, higher than 15.58% in 2018. The cost of distribution accounted for 6.19 million baht, an increase of 2.87 million baht or 86.55%, and the management expense accumulated to 66.61 million baht, an increase of 3.29 million baht or 5.20% compared to the year 2018. This is because the Company has higher expenses related to staff due to an increase in the number of employees providing services to customers at the current moment, as well as to support projects in the future. The incremental cost regarding the benefits of staff according to the new Labour Protection Act and the change in actuarial assumption have been acknowledged.

### Net Profit

The Company has profits belonging to owners of the company at 50.94 million baht, an increase of 40.91 million baht or 407.74% compared to 2018. The rise in net profits was the result of the Company earning more income from services in every Service The incremental cost and expense of the employee benefit obligation were acknowledged, resulting in an increase in the net profits of the Company.

Consolidated Financial Statement	2019	2018
Gross Profit Margin	26.06	18.58
Operation profit margin	11.56	3.70
Net Profit Margin	10.68	2.59
Return on Equity	11.38	2.13

### Profitability Ratios

In 2019, the Company's gross profit reached 26.06%, higher than the previous year at 18.58%. Operation profit margin accumulated to 11.56%, net profit at 10.68%, and return on equity at 11.38%, higher than the year before.

## Financial Position

Consolidated Financial Statement	2019		2018		%
	Million Baht	%	Million Baht	%	Change
Asset	542.45	100.00	485.24	100.00	11.79
Liability	85.95	15.84	46.74	9.63	83.89
Shareholders' equity	456.46	84.15	438.37	90.34	4.13

### Asset

The Company's total assets as of 31 December 2019 totaled 542.45 million Baht: current assets at 377.21 million baht and fixed assets at 205.24 million baht. The total assets increased by 57.21 million baht or 11.79% compared to the total assets of 485.24 million baht as of 31 December 2018. The assets that changed derived from the account receivables and other current receivables, and the value of services that has not been charged yet.

### Trade Accounts Receivable

In 2019, the Company had accounts receivable totaling 105.83 million Baht, an increase by 38.29 million baht in 2018. The average period of collecting payment was 78 days for 2019. In 2018, the average period of collecting payment was 86 days. The Company's policy allows the minimum period of payment for customers at 30 days starting from the day the Company sends the invoice. The Company will consider the payment period based on the customers' record, volume of sales order and history of previous payments. As regards the policy of allowance for doubtful debt the Company will consider the customers' outstanding balance with the debt payment period exceeding 90 days and no movement, and use the rate of allowance for doubtful accounts based on the outstanding balance in debt. For example, the allowance for doubtful accounts will be 10% for 91 to 180 days of outstanding balance, 30% for 181 to 270 days, 50% for 271 to 365 days, and 100% for over 365 days based on the outstanding balance. In 2019, the volume of allowance for doubtful account from the account receivables fell 0.34 million baht from 2018.

### Property, plant and equipment - Net

Property, plants and equipment (net) in 2019 accumulated to 189.54 million baht, an increase by 6.92 million baht from 2018. The Company has invested in equipment, tools and vehicles to ensure the adequacy in providing service for customers now and in the future, leading to the rise in the value of property, plants and equipment in 2019.

### Liabilities

At 31 December 2019, the Company has debt totaling 85.95 million baht, an increase by 39.22 million baht as of 31 December 2018 or 83.91%. Current liability rose by 26.32 million baht or 86.48% since the Company has the account payables arising from the Purchasing order of consumables. In addition, the Company has spent more on staff, with an increase of non-current liabilities at 12.89 million baht or 79.10% since the Company has more obligation to the benefits of staff that have just been newly calculated due to the change in the calculation hypothesis.

### Shareholders' equity

The Company has the equity of shareholders of the parent company as of 31 December 2019 totaling 456.46 million baht, an increase by 18.09 million baht as of the end of the accounting period 2018 or a 4.12% rise owing to an increase in the Company's net profit.

In 2019, the Company's debt to equity ratio (D/E) was 0.19, an increase from 2018 when debt to equity ratio was 0.11 since the Company had more liabilities caused by the account payables and other current account payables, and the estimation of non-current liability for employee benefit

### Cash Flow (Unit : Million Baht)

Cash Flow	2019	2018
Net Cash provided by operating activities	30.39	21.06
Net Cash used in investing activities	0.50	14.68
Net Cash used in financing activities	(31.78)	(31.84)
Net increase (decrease) in cash and cash equivalents	(0.89)	3.90
Cash and cash equivalents as at December 31	50.10	50.99

The Company has net cash derived from business activities accounting for 30.39 million baht, gaining profit from the operation prior to the change in asset and operating liabilities totaling 54.57 million baht. Asset and operating liabilities from the account receivables and other current receivables increased by 38.69 million baht, inventories increased by 4.99 million baht, and the account payables and other current account payables rose by 25.18 million baht.

Cash flow derived from investment activities totaled 0.50 million baht as the Company purchased tools and equipment for service provision worth 29.61 million baht in 2019, making temporary investments fall by 24.61 million baht.

Cash flow worth 31.78 million baht was spent on financing activities, 29.57 million baht for dividend payment, and 2.21 million baht for the liability payment according to the financial lease.

The Company had cash and cash equivalent as of 31 December 2019 worth 50.10 million baht, a decrease of 0.89 million baht compared to 31 December 2018.

Liquidity	2019	2018
Current Ratio (time)	5.77	9.19
Account Receivable Turnover (time)	4.74	4.27
Average Collection Period (day)	78	86
Account Payable Turnover (time)	8.46	9.38
Average Payment Period (day)	44	39

The Company's liquidity ratio in 2019 equaled 5.77, a 3.42 decrease from 2018, due to an increase in the Company's current liability.

The Company's average collection payment in 2019 was 78 days, 8 days less than 2018 since in 2019 the Company received early payments from certain customers, shortening the collection payment period. The average payment in 2019 was 44 days, 5 days less than 2018.

## 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 the consolidated financial statements of Qualitech Public Company Limited and its subsidiaries. The consolidated financial statements have been compiled according to Thailand's accepted accounting standards and the accounting policy is considered on a regular basis to ensure the appropriateness, reasonability and precaution. In addition, the disclosure of important information is adequate as stated in the notes to the financial statement for the benefit of the shareholders and general investors.

The Company's Board of Directors has appointed the Audit Committee consisting of independent directors who are not executives and whose qualifications are adequate according to Securities and Exchange Act and SEC Regulations. The Audit Committee has the duty to verify the financial statement, supervise to ensure compliance to the accounting standard, and verify the internal control system, the internal audit system, and the risk management to ensure that they are appropriate and efficient. In addition, the opinion of the Audit Committee as regards such matters appears on the report of the Audit Committee which is presented in the Annual Report.

The Board of Directors is of the opinion on the financial report that the Company's internal control system is overall adequate and appropriate.

The consolidated financial statements of Qualitech Public Company Limited and its subsidiaries for the year ended 31 December 2019 presenting the financial position, the operating result, and cash flow is correct according to the financial report standards. The auditors have audited and given opinions in the Auditor Report as shown in this year's Annual Report.

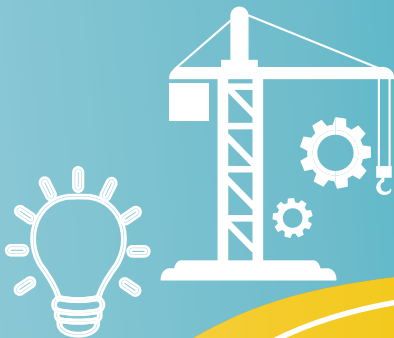


Mr. Sannpat Rattakham  
Chairman of the Board of Directors/  
Chairman of the Executive Board



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AUDITOR'S REPORT



## **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, 2019, 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, 2019, 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, 2019, the Company and subsidiaries have material amount of unbilled revenues from services of Baht 93.41 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, 2019 the Company and subsidiaries have material amount of equipment and tools of Baht 55.21 million (net of accumulated depreciation amount of Baht 149.90 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 appropriately.

## **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.



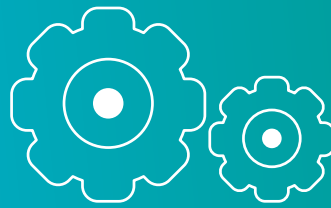
(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 22, 2020

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Financial statements



QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	50,103,286.48	50,994,003.16	44,487,687.86	40,211,867.21
Current investment	6	78,386,982.71	101,640,587.86	64,805,372.06	93,241,804.85
Trade and other current receivables	7	105,826,489.34	66,777,543.72	104,806,106.45	66,111,580.62
Unbilled services income	8	93,409,461.20	60,152,478.67	93,606,133.34	59,827,899.84
Inventories		9,484,810.64	4,571,516.28	6,674,168.02	3,571,215.70
<b>Total current assets</b>		<b>337,211,030.37</b>	<b>284,136,129.69</b>	<b>314,379,467.73</b>	<b>262,964,368.22</b>
<b>Non-current assets</b>					
Investment in subsidiaries	9	0.00	0.00	14,348,985.00	14,348,985.00
Bank deposits with obligations	10	66,660.00	4,468,400.00	0.00	3,500,000.00
Property, plant and equipment	11	189,537,631.76	182,614,522.97	187,721,672.92	179,546,452.00
Other intangible assets	12	2,019,416.83	2,186,404.05	2,019,416.83	2,186,404.05
Deferred tax assets	13	1,623,067.72	1,291,646.15	1,620,205.22	1,288,783.65
Income tax for refund		10,426,650.99	9,623,963.82	10,280,836.05	9,466,306.44
Others non-current assets	14	1,566,680.25	915,842.48	1,566,680.25	915,842.48
<b>Total non-current assets</b>		<b>205,240,107.55</b>	<b>201,100,779.47</b>	<b>217,557,796.27</b>	<b>211,252,773.62</b>
<b>Total assets</b>		<b>542,451,137.92</b>	<b>485,236,909.16</b>	<b>531,937,264.00</b>	<b>474,217,141.84</b>

Notes to financial statements are parts of these financial statements



QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2019

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
Current liabilities					
Trade and other current payables	15	54,815,106.14	28,533,645.80	53,976,847.78	27,780,461.23
Current portion of long-term liabilities	16	1,944,453.23	1,903,042.44	1,944,453.23	1,882,759.44
<b>Total current liabilities</b>		<b>56,759,559.37</b>	<b>30,436,688.24</b>	<b>55,921,301.01</b>	<b>29,663,220.67</b>
<b>Non-current liabilities</b>					
Financial lease liabilities	16	3,593,285.91	2,012,034.75	3,593,285.91	2,012,034.75
Non-current provisions for employee benefit	17	25,601,271.67	14,288,934.55	25,582,601.17	14,274,622.03
<b>Total non-current liabilities</b>		<b>29,194,557.58</b>	<b>16,300,969.30</b>	<b>29,175,887.08</b>	<b>16,286,656.78</b>
<b>Total liabilities</b>		<b>85,954,116.95</b>	<b>46,737,657.54</b>	<b>85,097,188.09</b>	<b>45,949,877.45</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	98,568,485.00	98,568,485.00
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	10,680,188.03	10,680,188.03	10,680,188.03
Retained earnings					
Appropriated - legal reserve	20	10,346,848.50	10,346,848.50	10,346,848.50	10,346,848.50
Unappropriated	21	261,692,265.53	243,602,340.70	252,069,010.98	233,496,199.46
<b>Total owners of the Company</b>		<b>456,463,330.46</b>	<b>438,373,405.63</b>	<b>446,840,075.91</b>	<b>428,267,264.39</b>
Non-controlling interests		33,690.51	125,845.99	0.00	0.00
<b>Total shareholders' equity</b>		<b>456,497,020.97</b>	<b>438,499,251.62</b>	<b>446,840,075.91</b>	<b>428,267,264.39</b>
<b>Total liabilities and shareholders' equity</b>		<b>542,451,137.92</b>	<b>485,236,909.16</b>	<b>531,937,264.00</b>	<b>474,217,141.84</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2019	2018 (Restated)	2019	2018 (Restated)
Revenue from services		476,917,928.87	365,309,161.22	471,127,158.96	362,078,502.42
Cost of services		(352,635,295.18)	(297,441,874.88)	(349,101,617.00)	(294,802,275.21)
Gross profit		124,282,633.69	67,867,286.34	122,025,541.96	67,276,227.21
Other income					
Gain on sale of segment		0.00	9,459,265.90	0.00	0.00
Dividend income		0.00	0.00	0.00	19,998,800.00
Others		3,657,829.96	2,811,916.84	3,779,242.04	2,786,049.63
Distribution costs		(6,193,994.88)	(3,320,204.96)	(6,193,994.88)	(3,320,204.96)
Administrative expenses		(66,606,940.11)	(63,311,687.86)	(63,896,863.28)	(59,765,445.47)
Finance costs		(594,819.65)	(499,861.52)	(594,174.66)	(498,134.03)
Profit before income tax expense		54,544,709.01	13,006,714.74	55,119,751.18	26,477,292.38
Tax expense	22	(3,698,399.53)	(2,342,000.49)	(3,698,399.53)	(988,668.44)
Profit for the year from continuing operations		50,846,309.48	10,664,714.25	51,421,351.65	25,488,623.94
Loss for the year from discontinued operations	23	0.00	(1,197,513.12)	0.00	0.00
Profit for the year		50,846,309.48	9,467,201.13	51,421,351.65	25,488,623.94
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	(3,472,893.41)	3,476,649.01	(3,472,893.41)	1,527,836.00
- Income tax relating to components					
of other comprehensive income					
that will not be reclassified to profit or loss	22	194,898.78	(500,897.39)	194,898.78	(111,134.79)
Other comprehensive income (expense) for the year					
- net of tax		(3,277,994.63)	2,975,751.62	(3,277,994.63)	1,416,701.21
Total comprehensive income for the year		47,568,314.85	12,442,952.75	48,143,357.02	26,905,325.15

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018 (Restated)	2019	2018 (Restated)
Profit (loss) attributable to :				
Owners of the Company				
Continuing operations	50,938,464.96	11,217,934.60	51,421,351.65	25,488,623.94
Discontinued operations	0.00	(1,185,537.99)	0.00	0.00
Total	50,938,464.96	10,032,396.61	51,421,351.65	25,488,623.94
Non-controlling interests				
Continuing operations	(92,155.48)	(553,220.35)	0.00	0.00
Discontinued operations	0.00	(11,975.13)	0.00	0.00
Total	(92,155.48)	(565,195.48)	0.00	0.00
Grand total	50,846,309.48	9,467,201.13	51,421,351.65	25,488,623.94
Total comprehensive income (expense) attributable to :				
Owners of the Company	47,660,470.33	13,007,992.32	48,143,357.02	26,905,325.15
Non-controlling interests	(92,155.48)	(565,039.57)	0.00	0.00
Grand total	47,568,314.85	12,442,952.75	48,143,357.02	26,905,325.15
Earnings per share				
Basic earnings per share				
Basic earnings from continuing operations	0.52	0.11	0.52	0.26
Basic earnings from discontinued operations	0.00	(0.01)	0.00	0.00
Total	0.52	0.10	0.52	0.26
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, 2019

**Consolidated financial statements (Baht)**

Note	Owners of the Company										Non-controlling interests	Total shareholders' equity
	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	Other comprehensive income	Gains (losses) on remeasurements of defined benefit plans	Total		
				Appropriated	Unappropriated							
Beginning balance of the year 2019	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	243,602,340.70	0.00	438,373,405.63	0.00	125,845.99	438,499,251.62		
Changes in shareholders' equity for the year:												
Dividend paid	0.00	0.00	0.00	0.00	(29,570,545.50)	0.00	(29,570,545.50)	0.00	0.00	(29,570,545.50)	0.00	
Profit (loss) for the year	0.00	0.00	0.00	0.00	50,938,464.96	0.00	50,938,464.96	0.00	(92,155.48)	50,846,309.48	(92,155.48)	
Other comprehensive expense for the year	0.00	0.00	0.00	0.00	0.00	(3,277,994.63)	(3,277,994.63)	0.00	0.00	(3,277,994.63)	0.00	
Transfer to retained earnings	0.00	0.00	0.00	0.00	(3,277,994.63)	3,277,994.63	0.00	0.00	0.00	0.00	0.00	
Ending balance of the year 2019	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	261,692,265.53	0.00	456,463,330.46	0.00	33,690.51	456,497,020.97	33,690.51	
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	386,285.56	
Changes in shareholders' equity for the year:												
Common shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	305,800.00	305,800.00	305,800.00	
Share-based payment	0.00	0.00	5,406,780.73	0.00	0.00	0.00	5,406,780.73	0.00	0.00	5,406,780.73	0.00	
Dividend paid	0.00	0.00	0.00	0.00	(29,570,545.50)	0.00	(29,570,545.50)	0.00	(1,200.00)	(29,571,745.50)	(1,200.00)	
Profit (loss) for the year	0.00	0.00	0.00	0.00	10,032,396.61	0.00	10,032,396.61	0.00	(565,195.48)	9,467,201.13	(565,195.48)	
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	2,975,595.71	2,975,595.71	0.00	155.91	2,975,751.62	155.91	
Transfer to retained earnings	0.00	0.00	0.00	0.00	1,027,435.11	(1,027,435.11)	0.00	0.00	0.00	0.00	0.00	
Ending balance of the year 2018	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	243,602,340.70	0.00	438,373,405.63	0.00	125,845.99	438,499,251.62	125,845.99	

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, 2019

Note	Separate financial statements (Baht)							Total shareholders' equity
	Issued and paid-up share capital	Share premium	Equity-settled share-based payment reserve	Retained earnings	Other components of shareholders' equity			
				Appropriated	Unappropriated	Other comprehensive income	Gains (losses) on remeasurements of defined benefit plans	
	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	233,496,199.46	0.00	0.00	428,267,264.39
Beginning balance of the year 2019								
Changes in shareholders' equity for the year:								
Dividend paid	0.00	0.00	0.00	0.00	(29,570,545.50)	0.00	0.00	(29,570,545.50)
Profit for the year	0.00	0.00	0.00	0.00	51,421,351.65	0.00	0.00	51,421,351.65
Other comprehensive expense for the year	0.00	0.00	0.00	0.00	0.00	0.00	(3,277,994.63)	(3,277,994.63)
Transfer to retained earnings	0.00	0.00	0.00	0.00	(3,277,994.63)	3,277,994.63	0.00	0.00
Ending balance of the year 2019	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	252,069,010.98	0.00	0.00	446,840,075.91
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)	0.00	425,525,704.01
Changes in shareholders' equity for the year:								
Share-based payment	0.00	0.00	5,406,780.73	0.00	0.00	0.00	0.00	5,406,780.73
Dividend paid	0.00	0.00	0.00	0.00	(29,570,545.50)	0.00	0.00	(29,570,545.50)
Profit for the year	0.00	0.00	0.00	0.00	25,488,623.94	0.00	0.00	25,488,623.94
Other comprehensive income for the year	0.00	0.00	0.00	0.00	0.00	1,416,701.21	0.00	1,416,701.21
Transfer to retained earnings	0.00	0.00	0.00	0.00	723,356.03	(723,356.03)	0.00	0.00
Ending balance of the year 2018	98,568,485.00	75,175,543.40	10,680,188.03	10,346,848.50	233,496,199.46	0.00	0.00	428,267,264.39

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before income tax from continuing operations	54,544,709.01	13,006,714.74	55,119,751.18	26,477,292.38
Less Loss before income tax from discontinued operations	0.00	(1,197,513.12)	0.00	0.00
Profit before income tax	54,544,709.01	11,809,201.62	55,119,751.18	26,477,292.38
Adjustments				
Unrealized gain on changes in investment valuation	(1,355,899.24)	(913,294.74)	(1,173,071.60)	(879,578.93)
Unrealized loss on exchange rate	264.00	0.00	264.00	0.00
Doubtful accounts (Doubtful accounts reversed)	(318,471.53)	1,082,320.23	(357,081.53)	831,057.23
Decrease (Increase) in unbilled service income	(33,233,092.93)	(17,265,852.43)	(33,754,343.90)	(16,503,526.06)
Loss on devaluation of inventories	78,452.95	0.00	0.00	0.00
Depreciation	26,361,954.80	27,279,030.81	25,756,489.34	26,362,063.10
Gain on sale of segment	0.00	(9,459,265.90)	0.00	0.00
(Gain) loss on disposal of fixed assets	89,677.16	304,443.22	(24,487.42)	295,787.01
Reversed loss on impairment of assets	0.00	(33,559.55)	0.00	(33,559.55)
Amortized other intangible assets	390,787.22	354,658.87	390,787.22	354,658.87
Provisions for employee benefits	7,419,324.24	1,543,389.64	7,415,611.25	1,540,246.74
Equity-settled share-based payment	0.00	5,406,780.73	0.00	5,406,780.73
Dividend income	0.00	0.00	0.00	(19,998,800.00)
Interest expenses	594,819.65	505,723.13	594,174.66	498,134.03
	54,572,525.33	20,613,575.63	53,968,093.20	24,350,555.55
(Increase) Decrease in portion of operating assets				
Trade and other current receivables	(38,693,302.89)	15,144,082.98	(38,300,273.10)	9,324,101.48
Inventories	(4,991,747.31)	2,051,322.46	(3,102,952.32)	1,411,948.45
Other intangible assets	(223,800.00)	(402,191.46)	(223,800.00)	(402,191.46)
Other non-current assets	(643,204.15)	(511,202.37)	(643,204.15)	(511,202.37)
Increase (Decrease) in portion of operating liabilities				
Trade and other current payables	25,179,838.07	(7,240,200.25)	25,094,764.28	(4,721,401.04)

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Cash generated (paid) from operation	35,200,309.05	29,655,386.99	36,792,627.91	29,451,810.61
Employee benefit paid	0.00	(2,158,140.05)	0.00	0.00
Interest paid	(174,700.18)	(173,460.72)	(174,700.18)	(168,568.74)
Income tax paid	(4,637,609.49)	(6,259,228.85)	(4,649,451.93)	(4,402,296.09)
<b>Net cash provided by (used in) operating activities</b>	<b>30,387,999.38</b>	<b>21,064,557.37</b>	<b>31,968,475.80</b>	<b>24,880,945.78</b>
<b>Cash flows from investing activities</b>				
(Increase) Decrease in current investment	24,609,504.39	17,140,402.55	29,609,504.39	(49,839.85)
Payments for acquire of ordinary shares of subsidiaries	0.00	0.00	0.00	(1,341,200.00)
Dividend received from subsidiaries	0.00	0.00	0.00	19,998,800.00
(Increase) Decrease in bank deposit with obligations	4,401,740.00	(968,400.00)	3,500,000.00	0.00
Proceeds from sales of segment	0.00	13,066,000.00	0.00	0.00
Proceeds from sales of fixed assets	1,101,192.84	983,474.54	386,292.84	349,915.19
Payments for fixed assets acquisition	(29,610,222.99)	(15,537,353.75)	(29,427,805.08)	(13,733,046.92)
<b>Net cash provided by (used in) investing activities</b>	<b>502,214.24</b>	<b>14,684,123.34</b>	<b>4,067,992.15</b>	<b>5,224,628.42</b>
<b>Cash flows from financing activities</b>				
Payment for financial lease liabilities	(2,210,384.80)	(2,577,929.00)	(2,190,101.80)	(2,339,424.98)
Dividend paid	(29,570,545.50)	(29,570,545.50)	(29,570,545.50)	(29,570,545.50)
Proceeds from non-controlling interests	0.00	304,600.00	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(31,780,930.30)</b>	<b>(31,843,874.50)</b>	<b>(31,760,647.30)</b>	<b>(31,909,970.48)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(890,716.68)</b>	<b>3,904,806.21</b>	<b>4,275,820.65</b>	<b>(1,804,396.28)</b>
<b>Cash and cash equivalents as at January 1</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>
<b>Cash and cash equivalents as at December 31</b>	<b>50,103,286.48</b>	<b>50,994,003.16</b>	<b>44,487,687.86</b>	<b>40,211,867.21</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2019

**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

- 1) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2019.
- 2) 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	Content
TAS 11 (Revised 2017)	Construction contracts
TAS 18 (Revised 2017)	Revenue
Thai Financial Reporting Interpretations Committee	
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

- 3) The adoption of those financial reporting standards does not have any significant impacts on the Company and subsidiaries' financial statements other than the disclosure relating to revenue from contracts with customers as stated in notes 8 to financial statement which had not taken the previous information for comparative.

## 2.2.2 Financial report 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, 2020.
- 2) During the year, the Federation of Accounting Professions has published for adoption Thai Financial Reporting Standards related to Financial Instruments which comprise five issues of accounting standards and interpretations as below :

Thai Financial Reporting Standards	Content
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
Thai Accounting Standards	
TAS 32	Financial Instruments: Presentation
Thai Financial Reporting Interpretations Committee	
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.

### 3) TFRS 16 Leases

TFRS 16 Leases set out the principals of the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17. TFRS 16 supersedes the following accounting standards together with related interpretations.

Thai Accounting Standard	Content
TAS 17 (Revised 2018)	Leases
Thai Standing Interpretations Committee	
TSIC 15 (Revised 2018)	Operating Leases - Incentives
TSIC 27 (Revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Thai Financial Reporting Interpretations Committee	
TFRIC 4 (Revised 2018)	Determining Whether an Arrangement Contains a Lease

- 4) 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 in	Percentage of investment %		Type of business
		2019	2018	
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 from services, the Company and subsidiaries satisfied a performance obligation for the most of service contracts which recognized revenues from services on over time based on the period or completed work as stipulated in the service contract.

4.1.2 Dividend income is recognized when the shareholder's right to receive payment.

4.1.3 Other income and expenses are recognized on an accrual basis.

##### **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 Current Receivables**

Trade and other current 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.

## 4.13 Income Tax and Deferred tax

4.13.1 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.

4.13.2 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.

4.13.3 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.

4.13.4 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.

4.13.5 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Cash	1,371,215.40	792,414.87	1,315,155.54	550,312.18
Cash at bank - current accounts	1,540,551.36	57,306.22	34,000.00	34,000.00
Cash at bank - savings deposit	47,191,519.72	50,144,282.07	43,138,532.32	39,627,555.03
Total	<u>50,103,286.48</u>	<u>50,994,003.16</u>	<u>44,487,687.86</u>	<u>40,211,867.21</u>

#### 5.2 Non-cash transaction

##### For the year 2019

##### Parent company

1) The Company entered into hire purchase vehicles agreement of Baht 4.88 million which was already made the initial installment in the amount of Baht 1.12 million. The remaining is presented as financial lease liabilities.

2) The Company has the outstanding for fixed assets acquisition amount of Baht 2.35 million which is presented as other current payables.

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.

## 6. CURRENT INVESTMENT

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Investment in open-end fund :-				
KTPLUS	21,048,213.58	15,755,882.00	7,466,602.93	7,357,098.99
TMBTHANAPLUS	36,350,777.17	40,327,204.33	36,350,777.17	40,327,204.33
KTSTPLUS - A	20,987,991.96	45,557,501.53	20,987,991.96	45,557,501.53
Total	<u>78,386,982.71</u>	<u>101,640,587.86</u>	<u>64,805,372.06</u>	<u>93,241,804.85</u>

Such fund invested in debt securities which had minimal risk.

## 7. TRADE AND OTHER CURRENT RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Trade accounts receivable	112,790,781.31	74,498,776.82	112,379,271.14	74,163,216.73
Other current receivables	10,243,786.10	9,830,879.90	9,634,913.38	9,489,633.89
Total	<u>123,034,567.41</u>	<u>84,329,656.72</u>	<u>122,014,184.52</u>	<u>83,652,850.62</u>
Less Allowance for doubtful accounts				
- Trade accounts receivable	<u>(17,208,078.07)</u>	<u>(17,552,113.00)</u>	<u>(17,208,078.07)</u>	<u>(17,541,270.00)</u>
Net	<u>105,826,489.34</u>	<u>66,777,543.72</u>	<u>104,806,106.45</u>	<u>66,111,580.62</u>

Billed trade accounts receivable separated on aging are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Undue trade accounts receivable	75,418,954.34	31,600,916.23	75,417,946.34	31,302,253.74
Overdue trade accounts receivable				
- Less than 3 months	19,618,873.06	22,352,577.73	19,208,370.89	22,354,290.13
- Over 3 months to 6 months	574,052.50	2,317,929.53	574,052.50	2,314,229.53
- Over 6 months to 9 months	51,500.00	1,146,659.95	51,500.00	1,111,749.95
- Over 9 months to 12 months	105,743.36	208,742.62	105,743.36	208,742.62
- Over 12 months	17,021,658.05	16,871,950.76	17,021,658.05	16,871,950.76
Total	112,790,781.31	74,498,776.82	112,379,271.14	74,163,216.73

## 8. UNBILLED SERVICES INCOME

### 8.1 Balance under contracts

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Unbilled services income	93,485,259.00	60,627,256.07	93,681,931.14	60,302,677.24
Less Allowance for doubtful accounts	(75,797.80)	(474,777.40)	(75,797.80)	(474,777.40)
Net	93,409,461.20	60,152,478.67	93,606,133.34	59,827,899.84
Retention receivable under contracts	4,847,620.94	4,190,513.59	4,847,620.94	4,190,513.59
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)	(3,622,564.07)	(3,622,564.07)
Net	1,225,056.87	567,949.52	1,225,056.87	567,949.52

### 8.2 Revenues expected to recognize for incomplete performance obligations

As at December 31, 2019, the Group expects to have revenues to be recognize in the future for incompleted performance obligations (or partial) of contracts with customers in the amount of Baht 148.63 million (Separate : Baht 148.21 million). The Group expects to satisfy this performance obligation to be completed within 1 year (Separate : 1 year).

## 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)	
				2019	2018	2019	2018	2019	2018
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	0.00	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	4,099,600.00	0.00	0.00
Total						14,348,985.00	14,348,985.00	0.00	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.

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, 2019 and 2018 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, 2019 and 2018, the Company has deposits at a bank amount of Baht 0.07 million and Baht 4.47 million in the consolidated financial statements, and Baht 0.00 million 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).

## II. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Baht)										
	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 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
Acquisition	0.00	0.00	0.00	279,838.34	25,674,959.60	2,141,743.86	0.00	5,591,608.41	795,417.00	34,483,567.21
Disposal	0.00	0.00	0.00	(150,049.61)	(4,478,002.04)	(1,136,878.89)	0.00	(6,025,394.51)	0.00	(11,790,325.05)
Inter-transaction transfer	0.00	0.00	0.00	19,043.48	0.00	0.00	0.00	0.00	(19,043.48)	0.00
As at December 31, 2019	47,981,180.48	56,851,858.52	19,970,710.31	10,833,883.95	205,114,011.24	16,439,778.61	2,226,683.78	59,315,054.08	789,320.00	419,522,480.97
Accumulated depreciation :										
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	136,403,541.04	12,428,653.40	1,614,856.89	31,929,133.57	0.00	214,214,715.84
Depreciation for the year	0.00	2,842,592.43	1,076,540.89	741,223.29	17,670,117.71	1,782,947.90	187,111.56	2,061,421.02	0.00	26,361,954.80
Depreciation - write off	0.00	0.00	0.00	(148,634.70)	(4,173,995.97)	(1,100,864.88)	0.00	(5,168,325.88)	0.00	(10,591,821.43)
As at December 31, 2019	0.00	20,609,711.31	6,235,974.20	9,502,567.34	149,901,662.78	13,110,736.42	1,801,968.45	28,822,228.71	0.00	229,984,849.21
Net book value										
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
As at December 31, 2019	47,981,180.48	36,242,147.21	13,734,736.11	1,331,316.61	55,212,348.46	3,329,042.19	424,715.33	30,492,825.37	789,320.00	189,537,631.76

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

**Separate financial statements (Baht)**

	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 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
Acquisition	0.00	0.00	0.00	278,248.34	25,505,711.13	2,130,164.42	0.00	5,591,608.41	795,417.00	34,301,149.30
Disposal	0.00	0.00	0.00	(150,049.61)	(4,299,574.06)	(1,050,427.31)	0.00	(4,827,394.51)	0.00	(10,327,445.49)
Inter-transaction transfer	0.00	0.00	0.00	19,043.48	0.00	0.00	0.00	0.00	(19,043.48)	0.00
As at December 31, 2019	47,981,180.48	56,851,858.52	19,686,565.78	10,772,684.03	203,265,277.07	16,138,962.54	2,226,683.78	58,726,054.08	789,320.00	416,438,586.28
Accumulated depreciation :										
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
Depreciation for the year	0.00	2,842,592.43	981,835.85	730,381.13	17,321,961.15	1,752,711.27	187,111.56	1,939,895.95	0.00	25,756,489.34
Depreciation - write off	0.00	0.00	0.00	(148,634.70)	(4,108,907.31)	(1,032,643.66)	0.00	(4,667,820.78)	0.00	(9,958,006.45)
As at December 31, 2019	0.00	20,609,711.31	5,959,902.30	9,454,265.78	149,329,913.40	12,848,813.99	1,801,968.45	28,712,338.13	0.00	228,716,913.36
Net book value										
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
As at December 31, 2019	47,981,180.48	36,242,147.21	13,726,663.48	1,318,418.25	53,935,363.67	3,290,148.55	424,715.33	30,013,715.95	789,320.00	187,721,672.92



11.1 Tools and technical equipment as at December 31, 2019 and 2018 are as follows :

11.1.1 Tools and technical equipment as at December 31, 2019

(Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,088,661.17	(1,088,626.17)	35.00
- 2004 until present	107,540,790.31	(66,615,471.47)	40,925,318.84
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	2,117,847.75	(2,117,813.75)	34.00
- 2006 until present	94,366,712.01	(80,079,751.39)	14,286,960.62
Total	205,114,011.24	(149,901,662.78)	55,212,348.46

11.1.2 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	87,103,183.50	(56,359,343.51)	30,743,839.99
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	(76,800,310.61)	16,767,600.65
Total	183,917,053.68	(136,405,541.04)	47,511,512.64

Depreciation for the year ended December 31, 2019 and 2018 were Baht 17.67 million and Baht 16.39 million respectively.

11.2 As at December 31, 2019 and 2018, 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.

## 12. OTHER INTANGIBLE ASSETS

	<b>Consolidated and</b>	
	<b>Separate financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>
	Computer software	
Intangible assets - cost :		
Beginning balance	3,706,098.96	3,303,907.50
Increase	223,800.00	402,191.46
Ending balance	3,929,898.96	3,706,098.96
Accumulated amortization :		
Beginning balance	1,519,694.91	1,165,036.04
Amortization for the year	390,787.22	354,658.87
Ending balance	1,910,482.13	1,519,694.91
Net intangible assets value		
Beginning balance	2,186,404.05	2,138,871.46
Ending balance	2,019,416.83	2,186,404.05

### 13. DEFERRED TAX ASSETS

<b>Consolidated financial statements (Baht)</b>					
	As at December		As at December		As at December
	31, 2017	Recognize as (expenses) income in profit or loss (Note 22.2)	31, 2018	Recognize as (expenses) income in other comprehensive income (Note 22.4)	31, 2019
Trade accounts receivable (allowance for doubtful accounts)	254,530.70	(15,378.33)	239,152.37	(54,642.73)	184,509.64
Inventories (allowance for devaluation of inventories)	21,073.95	(21,073.95)	0.00	0.00	0.00
Other non-current assets (provision for impairment)	0.00	11,295.27	11,295.27	(11,295.27)	0.00
Provisions for employee benefit	1,366,594.38	175,501.52	1,041,198.51	202,460.79	1,438,558.08
<b>Total</b>	<b>1,642,199.03</b>	<b>150,344.51</b>	<b>1,291,646.15</b>	<b>136,522.79</b>	<b>1,623,067.72</b>

<b>Separate financial statements (Baht)</b>					
	As at December		As at December		As at December
	31, 2017	Recognize as (expenses) income in profit or loss (Note 22.2)	31, 2018	Recognize as (expenses) income in other comprehensive income (Note 22.4)	31, 2019
Trade accounts receivable (allowance for doubtful accounts)	206,446.70	32,705.67	239,152.37	(54,642.73)	184,509.64
Other non-current assets (provision for impairment)	0.00	11,295.27	11,295.27	(11,295.27)	0.00
Provisions for employee benefit	947,698.58	201,772.22	1,038,336.01	202,460.79	1,435,695.58
<b>Total</b>	<b>1,154,145.28</b>	<b>245,773.16</b>	<b>1,288,783.65</b>	<b>136,522.79</b>	<b>1,620,205.22</b>

#### 14. OTHER NON-CURRENT ASSETS

	Consolidated and	
	Separate financial statements (Baht)	
	2019	2018
Deposit receivable under contract	5,188,745.94	4,537,908.17
Others	7,637.62	56,974.75
Total	5,196,383.56	4,594,882.92
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Provision for impairment of assets	(7,139.24)	(56,476.37)
Net	1,566,680.25	915,842.48

#### 15. TRADE AND OTHER CURRENT PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Trade accounts payable	17,833,725.85	8,767,048.96	17,150,952.78	9,052,030.23
Other current payables				
Accrued expenses	30,127,676.53	14,644,175.15	29,973,602.99	14,078,038.32
Assets payables	2,351,467.87	1,249,845.60	2,351,467.87	1,249,845.60
Others	4,502,235.89	3,872,576.09	4,500,824.14	3,400,547.08
Total	54,815,106.14	28,533,645.80	53,976,847.78	27,780,461.23

## 16. FINANCIAL LEASE LIABILITIES

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Hire purchase payable	5,537,739.14	3,915,077.19	5,537,739.14	3,894,794.19
Less Current portion of long-term liabilities	(1,944,453.23)	(1,903,042.44)	(1,944,453.23)	(1,882,759.44)
Net	3,593,285.91	2,012,034.75	3,593,285.91	2,012,034.75

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Vehicles	10,519,196.27	13,970,000.00	10,519,196.27	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)	
	2019	2018	2019	2018
Within 1 year	2,176,486.00	2,027,653.00	2,176,486.00	2,007,370.00
Over 1 year less than 3 years	3,065,452.00	1,806,442.00	3,065,452.00	1,806,442.00
Over 3 years less than 5 years	688,872.00	296,584.00	688,872.00	296,584.00
Total	5,930,810.00	4,130,679.00	5,930,810.00	4,110,396.00
Less Future interest expenses of financial lease	(393,070.86)	(215,601.81)	(393,070.86)	(215,601.81)
Present value of financial lease liabilities	5,537,739.14	3,915,077.19	5,537,739.14	3,894,794.19

## 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:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Present value of provisions	25,601,271.67	14,288,934.55	25,582,601.17	14,274,622.03

Movement in the present value of the employee benefit obligations

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
As at January 1,	14,288,934.55	16,027,125.01	14,274,622.03	13,932,646.00
Losses (Gains) on remeasurment				
of defined benefit plan	3,472,893.41	(3,476,649.01)	3,472,893.41	(1,527,836.00)
Employee benefits decrease	0.00	(137,193.50)	0.00	0.00
Increment costs under new Labour				
Protection Act	5,600,408.40	0.00	5,600,408.40	0.00
Current service costs and interest	2,239,035.31	1,875,652.05	2,234,677.33	1,869,812.03
As at December 31,	25,601,271.67	14,288,934.55	25,582,601.17	14,274,622.03

Expense recognized in profit or loss

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Increment costs under new Labour				
Protection Act	5,600,408.40	0.00	5,600,408.40	0.00
Current service costs	1,818,915.84	1,543,389.64	1,815,202.85	1,540,246.74
Interest on obligation	420,119.47	332,262.41	419,474.48	329,565.29
Total	7,839,443.71	1,875,652.05	7,835,085.73	1,869,812.03

On April 5, 2019, new Labour Protection Act was published in the Royal Gazette which will become effective after 30 days from the date of its publication in the Royal Gazette onwards 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.

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Cost of services	6,585,074.58	888,432.36	6,585,074.58	888,432.36
Administrative expenses	834,249.66	654,957.28	830,536.67	651,814.38
Finance costs	420,119.47	332,262.41	419,474.48	329,565.29
<b>Total</b>	<b>7,839,443.71</b>	<b>1,875,652.05</b>	<b>7,835,085.73</b>	<b>1,869,812.03</b>

Actuarial losses (gains) recognized in other comprehensive income.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Included in retained earnings :				
As a January 1	(1,117,852.01)	2,358,797.00	(764,336.42)	763,499.58
Recognized during the year	3,472,893.41	(3,476,649.01)	3,472,893.41	(1,527,836.00)
As at December 31	<b>2,355,041.40</b>	<b>(1,117,852.01)</b>	<b>2,708,556.99</b>	<b>(764,336.42)</b>

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (%)</b>		<b>financial statements (%)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Discount rate	1.76	2.67	1.76	2.67
Salary increase rate	3 - 4	3 - 4	3 - 5	3 - 5

17.6 Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2017 (“TMO17”).

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 :

	<b>Consolidated</b>	
	<b>financial statements (Baht)</b>	
	Increase	Decrease
Defined benefit obligation		
as at December 31, 2019		
Discount rate (0.5% movement)	(1,929,344.00)	2,137,959.00
Salary increase rate (0.5% movement)	2,050,625.00	(1,861,416.00)
Mortality rate (0.5% movement)	(10,011.00)	10,016.00
Turnover rate (10% movement)	(1,965,203.00)	2,221,970.00

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.

## 18. SHARE CAPITAL

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.

## 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 reach 10% of authorized share capital. The reserve is not available for dividend distribution.

## 21. DIVIDEND PAID

### For the year 2019

#### Parent company

According to the annual general shareholders' meeting for the year 2019 held on April 3, 2019, the shareholders passed the resolution to pay dividend from profit for the year 2018 to the shareholders at Baht 0.25 per share, total amount of Baht 24.64 million in which the Company has fully paid such dividend on April 26, 2019 and paid interim at Baht 0.05 per share total amount of Baht 4.93 million on September 6, 2019, total dividend payment amount of Baht 29.57 million.

### 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.

## 22. INCOME TAX

### 22.1 The calculation of current income taxes

For the year 2019 and 2018, 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)	
	2019	2018	2019	2018
<b>Current income tax</b>				
For the current year	3,834,922.32	2,492,345.00	3,834,922.32	1,234,441.60
<b>Deferred tax</b>				
Changes in temporary differences	(136,522.79)	(150,344.51)	(136,522.79)	(245,773.16)
Total income tax	3,698,399.53	2,342,000.49	3,698,399.53	988,668.44

## 22.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Profit (loss) before income tax from				
Continuing operations	54,544,709.01	13,006,714.74	55,119,751.18	26,477,292.38
Discontinued operations	0.00	(1,197,513.12)	0.00	0.00
Profit before income tax	54,544,709.01	11,809,201.62	55,119,751.18	26,477,292.38
Income tax rate (%)	20	20	20	20
Income tax	10,908,941.80	2,361,840.32	11,023,950.24	5,295,458.48
Prohibited taxable expenses	1,574,230.50	1,773,298.36	1,459,222.06	1,486,108.15
Additional taxable expenses	(298,034.72)	(250,622.61)	(298,034.72)	(250,622.61)
Exempted income	0.00	0.00	0.00	(3,999,760.00)
Promoted profit	(8,486,738.05)	(1,542,515.58)	(8,486,738.05)	(1,542,515.58)
Total income tax	3,698,399.53	2,342,000.49	3,698,399.53	988,668.44
Income tax rate (%)	7	20	7	4

## 22.4 Income tax recognized in other comprehensive income

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
(Gains) losses on remeasurement of defined benefit plans				
Before income tax	3,472,893.41	(3,476,649.01)	3,472,893.41	(1,527,836.00)
Tax expense (income)	(194,898.78)	500,897.39	(194,898.78)	111,134.79
Net of tax	3,277,994.63	(2,975,751.62)	3,277,994.63	(1,416,701.21)

### 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 9.39 million. During the year 2018, the subsidiary has received the payment already.

Transactions included in statements of comprehensive income for the year ended December 31, 2019 and 2018, discontinued operations are as follows :

	<b>Consolidated financial statements (Baht)</b>	
	<b>2019</b>	<b>2018</b>
Total revenues	0.00	15,931,450.69
Total costs	0.00	(13,322,392.79)
Total other income	0.00	41.75
Total expenses	0.00	(3,806,612.77)
<b>Profit (loss) before income tax expense</b>	0.00	(1,197,513.12)
Tax expense	0.00	0.00
<b>Total comprehensive income (expense) from discontinued operations</b>	0.00	(1,197,513.12)
Basic earnings per share		
Basic earnings from discontinued operations	0.00	(0.01)

### 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			
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 - wages Income - rental Income - management service fee Wages Materials supply	At agreed price 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 Income - management service fee	Close to market value At agreed price
Other company			
Duwell Intertrade Co., Ltd.	Common directors	Income - tools rental Income rental Materials supply	At agreed price At agreed price 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)	
	2019	2018	2019	2018
QLT International Company Limited				
Trade and other current receivables	0.00	0.00	34,800.00	24,800.00
Unbilled services income	0.00	0.00	28,037.38	0.00
Trade and other current payables	0.00	0.00	276,885.00	407,605.80

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Qualitech Myanmar Company Limited				
Trade and other current receivables	0.00	0.00	9,542.00	0.00
Unbilled services income	0.00	0.00	517,042.00	0.00
Duwell Intertrade Co., Ltd.				
Trade and other current receivables	21,658.16	0.00	21,658.16	0.00
Unbilled services income	14,018.69	0.00	14,018.69	0.00
Trade and other current payables	92,460.67	406,600.00	92,460.67	406,600.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2019	2018	2019	2018
Ms. Yanakorn Rattakham				
Cost of services - work place rental	0.00	185,263.12	0.00	0.00
QLT International Company Limited				
Other income - rental	0.00	0.00	53,831.76	87,476.64
Other income - management				
service fee	0.00	0.00	280,373.83	205,607.49
Cost of services - wages	0.00	0.00	0.00	15,722.76
Cost of services - materials supply	0.00	0.00	4,605,912.00	2,645,020.24
Qualitech Myanmar Company Limited				
Income - wages	0.00	0.00	2,631,040.00	207,735.00
Other income - management				
service fee	0.00	0.00	36,195.00	0.00
Other income - tools rental	0.00	0.00	40,000.00	0.00
Duwell Intertrade Co., Ltd.				
Other income - rental	202,611.11	0.00	202,611.11	0.00
Cost of services - materials supply	4,008,175.00	380,000.00	4,008,175.00	380,000.00

## 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)	
	2019	2018	2019	2018
Changes in inventories	(1,906,016.38)	467,542.64	0.00	0.00
Employee benefit expenses	249,545,611.41	214,750,566.72	247,147,131.25	204,175,530.13
Depreciation	26,361,954.80	27,331,060.02	25,756,489.34	26,414,092.31
Supplies used	29,000,439.52	20,552,777.83	33,304,087.10	19,761,291.32
Contractor wage	45,262,264.55	51,791,987.49	45,190,183.01	50,602,518.12
Travelling and accommodation expenses	12,859,320.00	12,127,072.02	11,614,759.30	10,644,136.68
Office expenses	9,535,165.69	9,145,267.91	9,339,576.55	8,724,533.40
Fee and consulting fee	3,230,516.75	2,657,858.77	2,991,179.84	2,355,249.92
Repairs and maintenance expenses	3,974,683.37	3,169,036.78	3,936,914.41	3,150,731.01
Directors' remuneration	2,993,000.00	1,975,700.00	2,993,000.00	1,975,700.00
Management benefit expenses	22,263,360.22	22,037,882.34	21,781,360.22	18,488,116.00

## 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 The results of operation of the Company and subsidiaries for the year ended December 31, 2019 and 2018 separated into promoted business and non-promoted business as follows:

	Consolidated financial statements (Baht)					
	Promoted business		Non-promoted business		Total	
	2019	2018	2019	2018	2019	2018
Services income	338,927,871.44	230,598,948.45	137,990,057.43	134,710,212.77	476,917,928.87	365,309,161.22
Cost of services	(250,452,044.66)	(187,505,786.14)	(102,183,250.52)	(109,936,088.74)	(352,635,295.18)	(297,441,874.88)
Gross profit	88,475,826.78	43,093,162.31	35,806,806.91	24,774,124.03	124,282,633.69	67,867,286.34
Other income						
Gain on sales of segment	0.00	0.00	0.00	9,459,265.90	0.00	9,459,265.90
Others	117,816.25	203,475.76	3,540,013.71	2,608,441.08	3,657,829.96	2,811,916.84
Distribution costs	(4,421,892.94)	(2,098,369.53)	(1,772,101.94)	(1,221,835.43)	(6,193,994.88)	(3,320,204.96)
Administrative expenses	(45,685,319.02)	(37,695,593.96)	(20,921,621.09)	(25,616,093.90)	(66,606,940.11)	(63,311,687.86)
Finance costs	(392,638.33)	(297,156.75)	(202,181.32)	(202,704.77)	(594,819.65)	(499,861.52)
Profit before income tax expense	38,093,792.74	3,205,517.83	16,450,916.27	9,801,196.91	54,544,709.01	13,006,714.74
Tax expense	0.00	0.00	(3,698,399.53)	(2,342,000.49)	(3,698,399.53)	(2,342,000.49)
Profit for the year from continuing operations	38,093,792.74	3,205,517.83	12,752,516.74	7,459,196.42	50,846,309.48	10,664,714.25
Profit for the year from discontinued operations	0.00	0.00	0.00	(1,197,513.12)	0.00	(1,197,513.12)
Profit for the year	38,093,792.74	3,205,517.83	12,752,516.74	6,261,683.30	50,846,309.48	9,467,201.13

## 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)	
	2019	2018
Non-Destructive Testing	203.37	151.38
Inspection and certificate	246.16	198.16
Others	27.38	15.77
Total	476.91	365.31

## 30. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 30.1 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.

### 30.2 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.



### 30.3 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.

### 30.4 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 closed 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, 2019 and 2018 total amount of Baht 13.56 million and Baht 11.49 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, 2019 amount of Baht 0.02 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, 2019 and 2018 total amount of Baht 19.84 million and Baht 15.48 million in the consolidated financial statements, and Baht 19.77 million and Baht 14.51 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 2019 and 2018, the Company has contribution expenses in the amount of Baht 3.31 million and Baht 3.29 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. RECLASSIFICATION

The Company has reclassified the 2018 accounts for corresponding with the presentation of the 2019 financial statements, the details are as follows :

			Unit : Baht
	Before reclassify	After reclassify	Increase (Decrease)
<u>Consolidated statements of comprehensive income</u>			
for the year ended December 31, 2018			
Costs of services	297,717,931.57	297,441,874.88	(276,056.69)
Distribution costs	0.00	3,320,204.96	3,320,204.96
Administrative expenses	66,355,836.13	63,311,687.86	(3,044,148.27)
<u>Separate statements of comprehensive income</u>			
for the year ended December 31, 2018			
Costs of services	295,078,331.90	294,802,275.21	(276,056.69)
Distribution costs	0.00	3,320,204.96	3,320,204.96
Administrative expenses	62,809,593.74	59,765,445.47	(3,044,148.27)

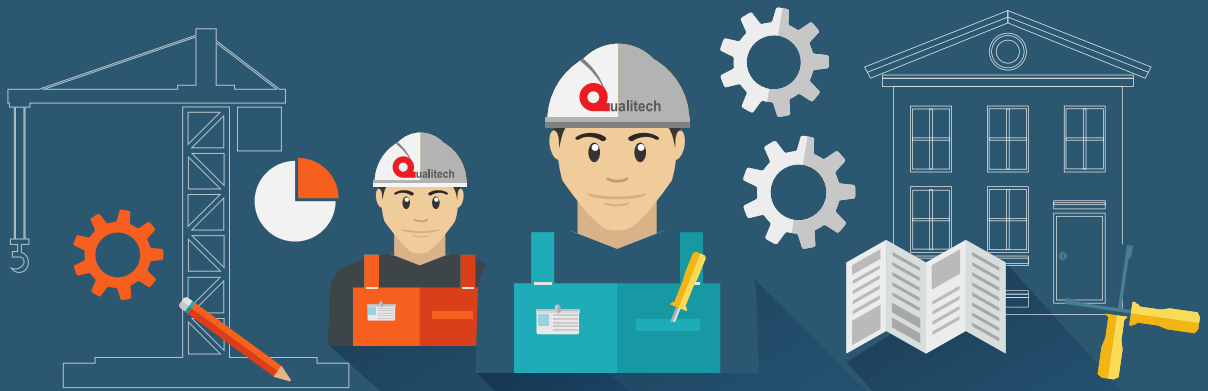
### **35. EVENTS AFTER THE REPORTING PERIOD**

35.1 On January 3, 2020, the Company entered into agreement for acquisition ordinary shares of Duwell Intertrade Company Limited from shareholders of this company in accordance with the Board of directors' meeting of the Company No. 6/2019 held on November 9, 2019 which approved to acquire ordinary shares of such company for 1,000 shares (at par value of Baht 1,000.00 each) or equal to 100% of total share capital in the price of Baht 5,500.00 per share, totally Baht 5.50 million by making payment into two installment as follows ;  
the 1<sup>st</sup> installment will be made in the amount of Baht 2.20 million within 30 days from this agreement date and Baht 3.30 million for the 2<sup>nd</sup> installment on the date of acquisition is completed.

35.2 According to the minutes of Board of directors' meeting No. 2/2020 held on February 22, 2020, passed the resolution to submit to the shareholders' general meeting for approval the dividend payment from profit for the year 2019 to the shareholders at Baht 0.30 per share, amounting to Baht 29.57 million.

### **36. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 22, 2020.



**Qualitech Public Company Limited**

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