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August 10, 2017

Subject:

Management Discussion and Analysis Quarter 2 Ending June 30, 2017

To:

**Director and Managing Director** 

The Stock Exchange of Thailand

Qualitech Public Company Limited and Subsidiaries hereafter refer as (The Company) would like to clarify the Company's operating results of the quarter 2/2017 ended June 30, 2017. The Company had the net profit of 1.77 million Baht, decreased by 10.39 million Baht or 85.41% from the same period in last year as following details.

- In this quarter, the total service revenue was 101.65 million Baht decreased from the same period in 2016 by 10.05 million Baht or 9.00%. The decrease is due to a lower demand for services from customer .Since they have canceled or postpone investment project. And they have maintain cost control policy also. .As a result of low oil price leads to recession in customer industries.
- Cost of service were 82.99 million Baht increased from the same period in 2016 by 2.07 million
  Baht or 2.56%. Majority cost increasing was caused from personnel expenditure.
- Selling and administrative expense were 17.48 million Baht decreased from the same period in 2016 by 0.33 million Baht or 1.88%.
- Net profit was 1.77 million Baht, decreased by 10.39 million Baht or 85.41%, year on year. Majority net profit decreasing was caused to the recession in testing and inspection industries leading to service demand decrease. Moreover the price competition is getting more intense and leading to service price deterioration. However company has nearly the same personnel expenditure. Because we have to retain personnel to maintain long term competitiveness. Therefore, the net profit in the period decreased.

Please be informed accordingly.

Yours sincerely,

(Mr.Domdej Sripinproach)

Managing Director