

QUALITECH PUBLIC COMPANY LIMITED
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
AS AT MARCH 31, 2010 (UNAUDITED/REVIEWED ONLY)
AND AS AT DECEMBER 31, 2009 (AUDITED)



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OFFICE OF DIA INTERNATIONAL AUDITING

A Member Of
Moore Stephens
International Limited

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AUDITOR'S REPORT

To The Shareholders of
Qualitech Public Company Limited

I have reviewed the balance sheet of Qualitech Public Company Limited as at March 31, 2010, the related statements of income, statements of changes in shareholders' equity and statements of cash flows for the three months ended March 31, 2010. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with auditing standards applicable to review engagements. Those standards require that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. Accordingly, I do not express an opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects in accordance with generally accepted accounting principles.

The financial statements of Qualitech Public Company Limited as at December 31, 2009 were audited by the other auditor in the same office in accordance with generally accepted auditing standards and that expressed an unqualified opinion in the report dated on February 27, 2010. The balance sheet as at December 31, 2009, presented for comparison purpose, is a partial of the audited and reported financial statements by such other auditor.

The statements of income, statements of changes in shareholders' equity and statements of cash flows for the three months ended March 31, 2009 of Qualitech Public Company Limited presented for comparison purpose, is a partial of the interim financial statements, were reviewed by such other auditor whose report dated May 9, 2009, stated that nothing has come to attention that cause to believe that the financial statements are not presented fairly, in all material respects in accordance with generally accepted accounting principles.

Office of D I A International Auditing

Somjintana Polhirunrat

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

May 8, 2010

QUALITECH PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT MARCH 31, 2010 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2009 (AUDITED)

Assets	Note	March 31, 2010 Baht	December 31, 2009
Current assets			
Cash and cash equivalents	4	13,205,156.58	11,450,291.89
Current investment	5	90,556,657.17	89,366,678.83
Trade accounts receivable - net	6	41,579,560.88	49,639,431.04
Unbilled services income		32,214,505.87	23,527,737.80
Inventories		3,108,755.21	2,995,855.75
Other current assets		3,330,623.90	2,668,301.40
Total current assets		<u>183,995,259.61</u>	<u>179,648,296.71</u>
Non-current assets			
Property, plant and equipment - net	7	51,611,417.50	50,273,885.93
Other non - current assets			
Prepayment for purchase of fixed assets		1,043,261.60	1,003,261.60
Withholding income tax		4,935,971.27	7,081,626.36
Others - net	8	166,848.46	141,055.00
Total non-current assets		<u>57,757,498.83</u>	<u>58,499,828.89</u>
Total assets		<u><u>241,752,758.44</u></u>	<u><u>238,148,125.60</u></u>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT MARCH 31, 2010 (UNAUDITED/REVIEWED ONLY)

AND AS AT DECEMBER 31, 2009 (AUDITED)

Liabilities and shareholders' equity	Note	March 31, 2010 Baht	December 31, 2009
Current liabilities			
Trade accounts payable		5,108,153.85	3,890,003.77
Current portion of long - term liabilities	9	2,629,466.49	2,718,724.21
Other current liabilities			
Accrued expenses		8,984,776.38	18,331,400.10
Others		2,576,930.90	2,007,631.34
Total current liabilities		<u>19,299,327.62</u>	<u>26,947,759.42</u>
Non-current liabilities			
Liabilities under financial lease agreement - net	9	2,400,079.26	3,047,547.57
Total non-current liabilities		<u>2,400,079.26</u>	<u>3,047,547.57</u>
Total liabilities		<u>21,699,406.88</u>	<u>29,995,306.99</u>
Shareholders' equity			
Share capital			
Authorized shares capital			
100,000,000 common shares of Baht 1 each		<u>100,000,000.00</u>	<u>100,000,000.00</u>
Issued and paid - up share capital			
90,000,000 common shares of Baht 1 each		90,000,000.00	90,000,000.00
Premium on share capital		55,970,571.40	55,970,571.40
Retained earnings			
Appropriated - legal reserve		9,103,150.68	9,103,150.68
Unappropriated		64,979,629.48	53,079,096.53
Total shareholders' equity		<u>220,053,351.56</u>	<u>208,152,818.61</u>
Total liabilities and shareholders' equity		<u>241,752,758.44</u>	<u>238,148,125.60</u>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(UNAUDITED/REVIEWED ONLY)

	Note	2010	Baht	2009
Services income		63,513,986.54		67,605,165.92
Cost of services		(41,514,786.51)		(40,688,272.61)
Gross profit		21,999,200.03		26,916,893.31
Other income		293,704.19		794,198.76
Profit before expenses		22,292,904.22		27,711,092.07
Administrative expenses		(7,570,830.02)		(7,048,803.87)
Directors' remuneration		(446,569.93)		(129,000.00)
Management benefit expenses		(1,907,989.07)		(1,809,682.07)
Total expenses		(9,925,389.02)		(8,987,485.94)
Profit before finance costs and income tax		12,367,515.20		18,723,606.13
Finance costs		(88,537.97)		(208,224.42)
Profit before income tax		12,278,977.23		18,515,381.71
Income tax	10	(378,444.28)		0.00
Net profit		11,900,532.95		18,515,381.71
Earnings per share				
Basic earnings per share		0.13		0.26
Weighted average number of common shares		90,000,000		70,000,000

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(UNAUDITED/REVIEWED ONLY)

	(Unit : Baht)				
	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)		Total
			Appropriated	Unappropriated	
Balance as at December 31, 2008	70,000,000.00	0.00	5,602,643.29	54,179,456.20	129,782,099.49
Net profit for 3 months	0.00	0.00	0.00	18,515,381.71	18,515,381.71
Legal reserve	0.00	0.00	925,769.09	(925,769.09)	0.00
Balance as at March 31, 2009	70,000,000.00	0.00	6,528,412.38	71,769,068.82	148,297,481.20
Increase share capital	20,000,000.00	55,970,571.40	0.00	0.00	75,970,571.40
Dividend paid	0.00	0.00	0.00	(54,110,000.00)	(54,110,000.00)
Net profit for 9 months	0.00	0.00	0.00	51,494,766.01	51,494,766.01
Interim dividend paid	0.00	0.00	0.00	(13,500,000.00)	(13,500,000.00)
Legal reserve	0.00	0.00	2,574,738.30	(2,574,738.30)	0.00
Balance as at December 31, 2009	90,000,000.00	55,970,571.40	9,103,150.68	53,079,096.53	208,152,818.61
Net profit for 3 months	0.00	0.00	0.00	11,900,532.95	11,900,532.95
Balance as at March 31, 2010	90,000,000.00	55,970,571.40	9,103,150.68	64,979,629.48	220,053,351.56

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(UNAUDITED/REVIEWED ONLY)

	2010	Baht	2009
Cash flows from operating activities			
Profit before income tax	12,278,977.23		18,515,381.71
Adjustments			
Doubtful accounts	135,469.03		0.00
Reversed doubtful accounts	0.00		(399,343.70)
Depreciation	4,291,111.82		4,773,596.49
Loss on write off fixed assets	25,949.24		0.00
Loss on impairment of properties foreclosed	2,425.93		0.00
Write off withholding income tax	980.40		0.00
Interest expenses	88,537.97		208,224.42
	<u>16,823,451.62</u>		<u>23,097,858.92</u>
(Increase) Decrease in portion of operating assets			
Trade accounts receivable	7,924,401.13		16,645,040.72
Unbilled services income	(8,686,768.07)		(3,750,601.51)
Inventories	(112,899.46)		587,683.17
Other current assets	(662,322.50)		258,282.23
Other non-current assets	(28,219.39)		321,150.00
Increase (Decrease) in portion of operating liabilities			
Trade accounts payable	1,218,150.08		(1,087,156.87)
Accrued expenses	(9,346,623.72)		(3,485,869.11)
Other current liabilities	569,299.56		945,757.83
Cash generated from operation	<u>7,698,469.25</u>		<u>33,532,145.38</u>
Interest paid	(88,537.97)		(254,859.81)
Income tax received (paid)	1,766,230.41		(372,637.28)
Net cash provided by operating activities	<u>9,376,161.69</u>		<u>32,904,648.29</u>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Cont.)
 FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
 (UNAUDITED/REVIEWED ONLY)

	2010	Baht	2009
Cash flows from investing activities			
Increase in current investment	(1,189,978.34)		(27,045,145.76)
Payments for purchase of fixed assets	(5,654,592.63)		(2,688,743.37)
Prepayment for purchase of fixed assets	(40,000.00)		0.00
Net cash used in investing activities	(6,884,570.97)		(29,733,889.13)
Cash flows from financing activities			
Decrease in short - term loans from related persons	0.00		(5,000,000.00)
Decrease in long - term loans	0.00		(490,448.20)
Decrease in liabilities under financial lease agreement	(736,726.03)		(906,181.59)
Net cash used in financing activities	(736,726.03)		(6,396,629.79)
Net increase (decrease) in cash and cash equivalents	1,754,864.69		(3,225,870.63)
Cash and cash equivalents as at January 1	11,450,291.89		13,513,087.10
Cash and cash equivalents as at March 31	13,205,156.58		10,287,216.47

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2010 (UNAUDITED/REVIEWED ONLY)
AND AS AT DECEMBER 31, 2009 (AUDITED)

1. GENERAL INFORMATION

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

2. PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS

These interim financial statements have been prepared in conformity with the Accounting Standards no. 41 (revised 2008) "Interim Financial Reporting" for the purpose to provide the update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. However, the balance sheets, statements of income, statements of changes in shareholders' equity and statements of cash flows are presented the same as previous annual financial statements. Therefore, these interim financial statements should access to the most recent annual financial statements.

The financial statements have been prepared in conformity with generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated January 30, 2009 regarding the condensed form should be included in the financial statements B.E. 2552 and in accordance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

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

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year December 31, 2009.

4. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Cash and Cash equivalents

	March 31, 2010 Baht	December 31, 2009
Cash	146,843.00	158,947.00
Cash at bank - current accounts	32,000.00	32,000.00
Cash at bank - savings accounts	13,026,313.58	11,259,344.89
Total	<u>13,205,156.58</u>	<u>11,450,291.89</u>

4.2 Cash paid during the years

Non - cash transaction

For the three months ended March 31, 2009, the Company entered into hire purchase vehicles agreement of Baht 1.13 million which was already made the initial installment in the amount of Baht 0.28 million. The remaining is presented as liabilities under financial lease agreement.

5. CURRENT INVESTMENT

	March 31, 2010 Baht	December 31, 2009
K - Treasury Fund - short term government bond	17,209,571.68	25,164,017.19
SCB Savings Fixed Income Fund (SCBSFF)	30,178,085.75	36,116,384.93
The Krung Thai Sa - Som - Sub Fund	36,155,831.20	28,086,276.71
T - Cash Fund	7,013,168.54	0.00
Total	<u>90,556,657.17</u>	<u>89,366,678.83</u>

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

6. TRADE ACCOUNTS RECEIVABLE - NET

	March 31, 2010 Baht	December 31, 2009
Billed receivable separated on aging		
Undue receivable	22,897,011.05	29,647,228.70
Overdue receivable		
- Less than 3 months	17,405,695.50	18,640,958.69
- Over 3 months to 6 months	492,150.00	1,482,766.28
- Over 6 months to 9 months	1,191,313.32	5,720.00
- Over 9 months to 12 months	0.00	25,500.00
- Over 12 months	12,781,869.97	12,890,267.30
Total	<u>54,768,039.84</u>	<u>62,692,440.97</u>
Less Allowance for doubtful accounts	<u>(13,188,478.96)</u>	<u>(13,053,009.93)</u>
Net	<u>41,579,560.88</u>	<u>49,639,431.04</u>

7. PROPERTY, PLANT AND EQUIPMENT - NET

Baht

	Land	Building	Building improvement	Tools and technical equipment	Office equipment	Office furniture and fixtures	Utilities system	Vehicles	Assets under construction	Total
As at December 31, 2009	7,219,000.00	9,290,260.87	2,308,080.35	78,545,142.24	6,425,860.24	3,050,624.15	1,291,122.36	37,845,768.44	163,201.05	146,139,059.70
Purchase	0.00	0.00	0.00	3,773,065.86	92,992.38	62,413.89	0.00	94,300.00	1,631,820.50	5,654,592.63
Disposal	0.00	0.00	0.00	(117,642.56)	(155,810.09)	0.00	0.00	0.00	0.00	(273,452.65)
Transference	0.00	0.00	0.00	111,513.82	0.00	0.00	0.00	0.00	(111,513.82)	0.00
As at March 31, 2010	7,219,000.00	9,290,260.87	2,308,080.35	82,312,079.36	6,363,042.53	3,113,038.04	1,291,122.36	37,940,068.44	1,683,507.73	151,520,199.68
Accumulated depreciation :										
As at December 31, 2009	0.00	3,515,655.02	521,636.54	54,799,527.82	4,056,326.01	2,373,761.65	1,291,118.36	29,307,148.37	0.00	95,865,173.77
Depreciation for 3 months	0.00	103,040.42	27,842.27	2,669,449.14	299,470.99	60,531.86	0.00	1,130,777.14	0.00	4,291,111.82
Depreciation - write off	0.00	0.00	0.00	(91,699.32)	(155,804.09)	0.00	0.00	0.00	0.00	(247,503.41)
As at March 31, 2010	0.00	3,618,695.44	549,478.81	57,377,277.64	4,199,992.91	2,434,293.51	1,291,118.36	30,437,925.51	0.00	99,908,782.18
Net book value										
As at December 31, 2009	7,219,000.00	5,774,605.85	1,786,443.81	23,745,614.42	2,369,534.23	676,862.50	4.00	8,538,620.07	163,201.05	50,273,885.93
As at March 31, 2010	7,219,000.00	5,671,565.43	1,758,601.54	24,934,801.72	2,163,049.62	678,744.53	4.00	7,502,142.93	1,683,507.73	51,611,417.50

As at March 31, 2010 and December 31, 2009, equipment at cost of Baht 46.65 million and Baht 36.36 million, respectively were depreciated in full but are still in use.

As at March 31, 2010 and December 31, 2009, vehicles at cost of Baht 14.68 million and Baht 16.23 million, respectively which is under the payment as indicated in agreement (note 9).

As at March 31, 2010 and December 31, 2009, land, building and building improvement at cost of Baht 18.82 million are mortgaged as collateral for overdrafts line from bank amount of Baht 4.50 million at the interest rate of MRR per annum and contingent liabilities from bank issuance of letter of guarantee (note 14).

Tools and technical equipment as at March 31, 2010 (Unit : Baht)

Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight - line method			
- Before October 23, 1999	3,168,864.03	(3,168,759.03)	105.00
- 2004 until present	32,498,749.64	(23,710,136.58)	8,788,613.06
Depreciation by double - declining balance method			
- Before October 23, 1999 to 2003	5,797,715.07	(5,797,641.07)	74.00
- 2006 until present	40,846,750.62	(24,700,740.96)	16,146,009.66
Total	82,312,079.36	(57,377,277.64)	24,934,801.72

Depreciation for three months ended March 31, 2010 and 2009 were Baht 2.67 million and Baht 2.95 million, respectively.

8. OTHER NON - CURRENT ASSETS - NET

	March 31, 2010 Baht	December 31, 2009
Deposit receivable under contract	3,789,412.53	3,763,619.07
Properties foreclosed	2,425.93	0.00
Total	3,791,838.46	3,763,619.07
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Provision for impairment of properties foreclosed	(2,425.93)	0.00
Net	166,848.46	141,055.00

9. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT - NET

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

	March 31, 2010 Baht	December 31, 2009
Payable under hire purchase agreement	5,029,545.75	5,766,271.78
Less Current portion of long - term liabilities	(2,629,466.49)	(2,718,724.21)
Net	<u>2,400,079.26</u>	<u>3,047,547.57</u>

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

	March 31, 2010 Baht	December 31, 2009
Within 1 year	2,903,862.00	3,054,554.98
Over 1 year less than 3 years	2,480,581.00	3,085,439.02
Over 3 years less than 5 years	0.00	69,713.00
Total	<u>5,384,443.00</u>	<u>6,209,707.00</u>
Less Future interest expenses of financial lease agreement	<u>(354,897.25)</u>	<u>(443,435.22)</u>
Present value of liabilities under financial lease agreement	<u>5,029,545.75</u>	<u>5,766,271.78</u>

10. INCOME TAX

The Company calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses and added by other expenses which shall not be allowed as expenses in tax calculation except the exempted profit derived from promoted activities (note 13).

11. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

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

11.1 General information

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

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

Trade accounts payable

	March 31, 2010	Baht	December 31, 2009
Duwell Intertrade Limited	212,448.50		220,420.00

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

	2010	Baht	2009
Cost of services - purchase of goods			
Duwell Intertrade Limited	756,200.00		362,500.00
Administrative expenses - office rental			
Mrs. Monta Chaiyaban	25,500.00		25,500.00

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

	2010	Baht	2009
Tools and technical equipment			
Duwell Intertrade Limited	1,502,190.00		0.00

12. EXPENSES ANALYZED BY NATURE

	2010	Baht	2009
Employee expenses	27,914,522.07		27,907,077.32
Depreciation	4,291,111.82		4,773,596.49
Supplies used	4,964,588.84		6,544,647.81
Contractor wage	4,133,241.85		2,197,307.44
Travelling and accommodation expenses	2,074,765.96		1,623,468.89
Office expenses	1,382,724.04		1,167,067.01
Fee and consulting fee	358,166.92		475,209.30
Repairs and maintenance expenses	664,156.37		494,055.70
Directors' remuneration	446,569.93		129,000.00
Management benefit expenses	3,579,404.41		3,290,492.84

13. PROMOTIONAL PRIVILEGES

The results of operation of the Company separated into promoted business and non-promoted business as follows :

	(Unit : Baht)					
	Promoted business		Non-promoted business		Total	
	2010	2009	2010	2009	2010	2009
Services income	53,484,261.71	57,796,397.84	10,029,724.83	9,808,768.08	63,513,986.54	67,605,165.92
Cost of services	(35,046,571.58)	(31,634,370.39)	(6,468,214.93)	(9,053,902.22)	(41,514,786.51)	(40,688,272.61)
Gross profit	18,437,690.13	26,162,027.45	3,561,509.90	754,865.86	21,999,200.03	26,916,893.31
Other income	0.00	0.00	293,704.19	794,198.76	293,704.19	794,198.76
Administrative expenses	(8,139,595.92)	(7,655,394.24)	(1,785,793.10)	(1,332,091.70)	(9,925,389.02)	(8,987,485.94)
Finance costs	(74,212.53)	(175,949.63)	(14,325.44)	(32,274.79)	(88,537.97)	(208,224.42)
Income tax	0.00	0.00	(378,444.28)	0.00	(378,444.28)	0.00
Net profit	10,223,881.68	18,330,683.58	1,676,651.27	184,698.13	11,900,532.95	18,515,381.71

14. CONTINGENT LIABILITIES

The Company has contingent liabilities from a local bank's issuance of letter of guarantee for the results of work to customers of the Company and guarantee the electricity usage to government agency, total amount as at March 31, 2010 and December 31, 2009 of Baht 3.58 million and Baht 3.71 million, respectively.

15. SUBSEQUENT EVENTS

According to the minutes of shareholders' general meeting for the year 2010 held on April 26, 2010, passed the resolution to pay dividend from profit of year 2009 to the shareholders at Baht 0.25 per share for total 90 million shares amounting to Baht 22.50 million. Such dividend payment will be matured on May 20, 2010.

16. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were authorized for issue by the Company's Board of directors on May 8, 2010.