

QUALITECH PUBLIC COMPANY LIMITED  
AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2010 AND 2009



AUDITOR'S REPORT

To The Shareholders of

QUALITECH PUBLIC COMPANY LIMITED

I have audited the balance sheet of QUALITECH PUBLIC COMPANY LIMITED as at December 31, 2010, the related statement of income, statement of changes in shareholders' equity and statement of cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended December 31, 2009 were audited by the other auditor in the same firm whose report dated February 27, 2010, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of QUALITECH PUBLIC COMPANY LIMITED as at December 31, 2010 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing

*Somjintana Polhirunrat*

(Miss Somjintana Polhirunrat)

C.P.A. Thailand

Registration No. 5599

February 26, 2011

QUALITECH PUBLIC COMPANY LIMITED

**BALANCE SHEETS**

AS AT DECEMBER 31, 2010 AND 2009

Assets	Note	2010	Baht	2009
<b>Current assets</b>				
Cash and cash equivalents	5	19,367,551.37		11,450,291.89
Current investment	6	72,409,414.81		89,366,678.83
Trade accounts receivable - net	7	58,658,395.08		49,639,431.04
Unbilled services income		29,552,152.26		23,527,737.80
Inventories		5,847,491.90		2,995,855.75
Other current assets		2,716,022.68		2,668,301.40
<b>Total current assets</b>		<u>188,551,028.10</u>		<u>179,648,296.71</u>
<b>Non-current assets</b>				
Other long - term investment	8	10,054,874.17		0.00
Property, plant and equipment - net	9	60,857,094.55		50,273,885.93
Other non - current assets				
Prepayment for purchase of fixed assets			0.00	1,003,261.60
Withholding income tax			6,675,720.70	7,081,626.36
Others - net	10	101,345.66		141,055.00
<b>Total non-current assets</b>		<u>77,689,035.08</u>		<u>58,499,828.89</u>
<b>Total assets</b>		<u><u>266,240,063.18</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 DECEMBER 31, 2010 AND 2009

Liabilities and shareholders' equity	Note	2010	Baht	2009
<b>Current liabilities</b>				
Trade accounts payable		3,875,828.82		3,890,003.77
Current portion of long - term liabilities	11	2,332,811.50		2,718,724.21
Other current liabilities				
Accrued expenses		17,232,308.23		18,331,400.10
Others		3,443,466.57		2,007,631.34
<b>Total current liabilities</b>		<u>26,884,415.12</u>		<u>26,947,759.42</u>
<b>Non-current liabilities</b>				
Liabilities under financial lease agreement - net	11	1,431,311.96		3,047,547.57
<b>Total non-current liabilities</b>		<u>1,431,311.96</u>		<u>3,047,547.57</u>
<b>Total liabilities</b>		<u>28,315,727.08</u>		<u>29,995,306.99</u>
<b>Shareholders' equity</b>				
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	12	90,000,000.00		90,000,000.00
Premium on share capital	12	55,970,571.40		55,970,571.40
Retained earnings				
Appropriated - legal reserve	13	10,000,000.00		9,103,150.68
Unappropriated	14	81,953,764.70		53,079,096.53
<b>Total shareholders' equity</b>		<u>237,924,336.10</u>		<u>208,152,818.61</u>
<b>Total liabilities and shareholders' equity</b>		<u>266,240,063.18</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 YEARS ENDED DECEMBER 31, 2010 AND 2009

	Note	2010	Baht	2009
Services income		276,958,842.80		278,149,730.99
Cost of services		(175,756,171.48)		(170,566,909.89)
Gross profit		101,202,671.32		107,582,821.10
Other income		1,824,179.01		1,559,370.55
Profit before expenses		103,026,850.33		109,142,191.65
Administrative expenses		(30,177,894.95)		(28,170,325.56)
Directors' remuneration	15	(1,880,794.21)		(1,826,000.00)
Management benefit expenses	16	(7,587,207.44)		(7,440,075.58)
Total expenses		(39,645,896.60)		(37,436,401.14)
Profit before finance costs and income tax		63,380,953.73		71,705,790.51
Finance costs		(305,485.07)		(636,989.18)
Profit before income tax		63,075,468.66		71,068,801.33
Income tax	17	(1,803,951.17)		(1,058,653.61)
Net profit		61,271,517.49		70,010,147.72
Earnings per share				
Basic earnings per share		0.68		0.86
Weighted average number of common shares		90,000,000		81,666,667

Notes to financial statements are parts of these financial statements



QUALITECH PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		(Unit : Baht)				
		Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)		Total
	Note			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
Increase share capital	12	20,000,000.00	55,970,571.40	0.00	0.00	75,970,571.40
Dividend paid	14	0.00	0.00	0.00	(54,110,000.00)	(54,110,000.00)
Net profit for the year		0.00	0.00	0.00	70,010,147.72	70,010,147.72
Interim dividend paid	14	0.00	0.00	0.00	(13,500,000.00)	(13,500,000.00)
Legal reserve	13	0.00	0.00	3,500,507.39	(3,500,507.39)	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
Dividend paid	14	0.00	0.00	0.00	(22,500,000.00)	(22,500,000.00)
Net profit for the year		0.00	0.00	0.00	61,271,517.49	61,271,517.49
Interim dividend paid	14	0.00	0.00	0.00	(9,000,000.00)	(9,000,000.00)
Legal reserve	13	0.00	0.00	896,849.32	(896,849.32)	0.00
Balance as at December 31, 2010		90,000,000.00	55,970,571.40	10,000,000.00	81,953,764.70	237,924,336.10

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	Baht	2009
<b>Cash flows from operating activities</b>			
Profit before income tax	63,075,468.66		71,068,801.33
Adjustments			
Doubtful accounts	108,923.30		0.00
Reversed doubtful accounts	0.00		(502,137.64)
Depreciation	19,593,523.71		19,759,839.17
Loss on write off fixed assets	317,840.29		209,450.20
Loss on impairment of assets	22,164.22		0.00
Write off withholding income tax	980.40		0.00
Interest expenses	305,485.07		636,989.18
	<u>83,424,385.65</u>		<u>91,172,942.24</u>
(Increase) Decrease in portion of operating assets			
Trade accounts receivable	(9,127,887.34)		9,563,356.01
Unbilled services income	(6,024,414.46)		4,628,518.34
Inventories	(2,851,636.15)		330,612.85
Other current assets	(47,721.28)		650,318.27
Other non-current assets	17,545.12		313,995.00
Increase (Decrease) in portion of operating liabilities			
Trade accounts payable	(14,174.95)		(3,761,608.55)
Accrued expenses	(1,099,091.87)		6,009,460.03
Other current liabilities	1,435,835.23		364,145.26
Cash generated from operation	<u>65,712,839.95</u>		<u>109,271,739.45</u>
Interest paid	(305,485.07)		(683,624.58)
Income tax received (paid)	(1,399,025.91)		(3,481,722.05)
<b>Net cash provided by operating activities</b>	<u>64,008,328.97</u>		<u>105,106,392.82</u>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (Cont.)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	Baht	2009
<b>Cash flows from investing activities</b>			
(Increase) Decrease in current investment	16,957,264.02		(89,366,678.83)
Increase in other long - term investment	(10,054,874.17)		0.00
Proceeds from sales of fixed assets	11,739.00		149,532.71
Payments for purchase of fixed assets	(28,731,050.02)		(12,428,787.86)
Prepayment for purchase of fixed assets	0.00		(1,003,261.60)
<b>Net cash used in investing activities</b>	<u>(21,816,921.17)</u>		<u>(102,649,195.58)</u>
<b>Cash flows from financing activities</b>			
Decrease in short - term loans from related persons	0.00		(5,000,000.00)
Decrease in long - term loans	0.00		(4,739,880.86)
Decrease in liabilities under financial lease agreement	(2,774,148.32)		(3,140,682.99)
Proceeds from increase share capital	0.00		75,970,571.40
Dividend paid	(31,500,000.00)		(67,610,000.00)
<b>Net cash used in financing activities</b>	<u>(34,274,148.32)</u>		<u>(4,519,992.45)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	7,917,259.48		(2,062,795.21)
<b>Cash and cash equivalents as at January 1</b>	11,450,291.89		13,513,087.10
<b>Cash and cash equivalents as at December 31</b>	<u><u>19,367,551.37</u></u>		<u><u>11,450,291.89</u></u>

Notes to financial statements are parts of these financial statements



QUALITECH PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2010 AND 2009

**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. FINANCIAL STATEMENTS PREPARATION BASIS**

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. NEW ACCOUNTING STANDARDS ISSUANCE**

The Federation of Accounting Professions issued Notification 17/2553, 50/2553 through 55/2553, as pertinent to Accounting Standards (Revised 2009), Financial Reporting Standards (Revised 2009), and Interpretation of Financial Reporting Standards announced through the Royal Gazettes on May 26, 2010 and December 15, 2010 respectively implementing 32 accounting standards, financial reporting standards, and interpretation of financial reporting standards. These comprise 25 standards replacing the previous versions with identification numbers rearranged to be identical to international accounting standards, of which certain standards were unchanged in principle, certain others were with partial change in principle, and 7 standards were newly implemented detailed as follows:

### 3.1 Accounting and financial reporting standards replaced the previous versions

<u>Accounting standards/Financial reporting standards</u>		<u>Effective date</u>
Framework for the Preparation and Presentation of Financial Statements (Revised 2009)		May 26, 2010
TAS 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
TAS 2 (Revised 2009)	Inventories	January 1, 2011
TAS 7 (Revised 2009)	Statements of Cash Flows	January 1, 2011
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009)	Events After the Reporting Period	January 1, 2011
TAS 11 (Revised 2009)	Construction Contracts	January 1, 2011
TAS 16 (Revised 2009)	Property, Plant and Equipment	January 1, 2011
TAS 17 (Revised 2009)	Leases	January 1, 2011
TAS 18 (Revised 2009)	Revenue	January 1, 2011
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	January 1, 2013
TAS 23 (Revised 2009)	Borrowing Costs	January 1, 2011
TAS 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
TAS 28 (Revised 2009)	Investments in Associates	January 1, 2011
TAS 31 (Revised 2009)	Interests in Joint Venture	January 1, 2011
TAS 33 (Revised 2009)	Earnings per Share	January 1, 2011
TAS 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009)	Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009)	Intangible Assets	January 1, 2011
TAS 40 (Revised 2009)	Investment Property	January 1, 2011
TFRS 3 (Revised 2009)	Business Combination	January 1, 2011
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011



The Company's management has assessed the effect of these standards and believes that TAS 20 (Revised 2009), TAS 27 (Revised 2009), TAS 28 (Revised 2009), TAS 31 (Revised 2009), TFRS 3 (Revised 2009) and TFRS 5 (Revised 2009) are not relevant to the Company's business. As for relevant accounting standards, and financial reporting standards, the management has assessed the effect and found to have no material impact on financial statements. The Company shall adopt these relevant standards beginning on the effective dates.

### 3.2 New accounting standards and financial reporting standard in issue for adoption

<u>Accounting standards/Financial reporting standards</u>		<u>Effective date</u>
TAS 12	Income Taxes	January 1, 2013
TAS 19	Employee Benefits	January 1, 2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	January 1, 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	January 1, 2011
TFRS 2	Share Based Payment	January 1, 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011
TIFRS 15	Construction Contract	January 1, 2011

TAS 26, TAS 29, TFRS 2, TFRS 6 and TIFRS 15 are not relevant to the Company's business. The Company will apply TAS 12 and TAS 19, on the effective date which the management of the Company is being evaluated the effect of those standards on the financial statements. During the period, the Company calculated employee benefits by using actuarial method which had accumulated employee benefits up to December 31, 2010 approximately amount of Baht 5.77 million.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Income and Expenses Recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

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

#### 4.2 Cash and Cash Equivalents

Cash and cash equivalents included cash on hand and at bank of which are due within three months from the deposit date and without restriction on withdrawal.

#### 4.3 Investments

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

4.3.2 Long-term investment in the form of debt securities which intended to hold to maturity are stated at amortized cost.

4.3.3 Long-term investment in the form of marketable equity securities available for sales are stated at fair value.

#### 4.4 Allowance for Doubtful Accounts

The Company provides the allowance for doubtful accounts for the possible loss incurred from receivable. The estimated loss are based on historical collection experience and a review of the current status of existing receivable. The Company has fixed the percentage of allowance for doubtful accounts based on receivable aging other than the above provision.

Aging of overdue receivables	Percentage of allowance for doubtful accounts
Over 3 - 6 months	10
Over 6 - 9 months	30
Over 9 - 12 months	50
Over 12 months	100

#### 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).

4.6.2 Building and equipment are depreciation on a straight-line basis over the estimated useful lives of the assets as follows :

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

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

Land and assets under construction were not depreciated.

#### 4.7 Impairment of Assets

The Company has 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 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 income for the period. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

#### 4.8 Transactions in Foreign Currencies

The Company records its 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 balance sheets date are converted into Thai Baht by using the exchange rates ruling on the same date.

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

#### 4.9 Financial Instruments

Financial instruments are presented in balance sheets, consist of cash and cash equivalents, current investment, trade accounts receivable, other receivables, trade account payable, short-term loans and long-term loans and other payables. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

#### 4.10 Long-Term Lease Agreement

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



#### 4.11 Employees Benefit

##### 4.11.1 Provident fund

The Company has 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 income in the period in which they are incurred.

##### 4.11.2 Retirement benefit

This obligation is to provide retirement benefit to retired employees under the defined retirement plan, determined by the labour law. The Company will record the retirement cost in the period in which the employees retired.

#### 4.12 Income Tax

The company recorded income tax by calculating from taxable net profit as prescribed in the Revenue Code.

#### 4.13 Accounting Estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from those estimates.

#### 4.14 Provisions

The Company recognizes 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 settles the obligation. The amount recognized should not exceed the amount of the provision.

#### 4.15 Basic Earnings per Share

Earnings (Loss) per share as presented in the statements of income is the basic earnings per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

## 5. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

### 5.1 Cash and Cash equivalents

	2010	Baht	2009
Cash	250,915.40		158,947.00
Cash at bank - current accounts	33,000.00		32,000.00
Cash at bank - savings accounts	19,083,635.97		11,259,344.89
Total	19,367,551.37		11,450,291.89

### 5.2 Supplemental disclosure of cash flows information

#### Non - cash transaction

In 2010, the Company entered into hire purchase vehicles and copy machine agreement total amount of Baht 0.96 million which was already made the initial installment in the amount of Baht 0.19 million. The remaining is presented as liabilities under hire purchase agreement.

In 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 hire purchase agreement.

## 6. CURRENT INVESTMENT

	2010	Baht	2009
K - Treasury Fund - short term government bond	0.00		25,164,017.19
SCB Savings Fixed Income Fund (SCBSFF)	3,287,728.27		36,116,384.93
The Krung Thai Sa - Som - Sub Fund	0.00		28,086,276.71
T - Cash Fund	7,072,611.55		0.00
KTB Fixed Income Fund (KTFIX3M3)	15,049,074.99		0.00
SCB Government Bond Fund (SCBGB 6M77)	17,000,000.00		0.00
SCB Government & Bank's Bond 18 Open End Fund (SCBGBANK18)	15,000,000.00		0.00
SCB Fixed Income Fund (SCBFI6M1)	5,000,000.00		0.00
The Krung Thai Foreign Fixed Income (KTF 11M2)	5,000,000.00		0.00
SCB Foreign Fixed Note (SCB FN 14M2S)	5,000,000.00		0.00
Total	72,409,414.81		89,366,678.83

Such fund invested in debt securities which had minimal risk.

## 7. TRADE ACCOUNTS RECEIVABLE - NET

	2010	Baht	2009
Billed receivable separated on aging			
Undue receivable	29,658,161.81		29,647,228.70
Overdue receivable			
- Less than 3 months	26,952,220.19		18,640,958.69
- Over 3 months to 6 months	2,275,570.09		1,482,766.28
- Over 6 months to 9 months	0.00		5,720.00
- Over 9 months to 12 months	0.00		25,500.00
- Over 12 months	12,934,376.22		12,890,267.30
Total	71,820,328.31		62,692,440.97
Less Allowance for doubtful accounts	(13,161,933.23)		(13,053,009.93)
Net	58,658,395.08		49,639,431.04

## 8. OTHER LONG-TERM INVESTMENT

	2010	Baht	2009
Debt securities held to maturity			
- Bank of Thailand Bonds (BOT 131A # 1/3/2553)	5,054,874.16		0.00
Equity securities			
- The Krung Thai Fixed Note (KTFF12)	5,000,000.00		0.00
Total	10,054,874.16		0.00

Bank of Thailand Bonds (BOT 131A) matured on January 14, 2013 at the yield rate of 2.75% per annum.



9. PROPERTY, PLANT AND EQUIPMENT - NET

Baht

	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
As at December 31, 2009	7,219,000.00	9,290,260.87	2,308,080.35	3,050,624.15	78,545,142.24	6,425,860.24	1,291,122.36	37,845,768.44	163,201.05	146,139,059.70
Purchase	0.00	0.00	0.00	284,586.67	22,216,126.72	1,402,907.20	0.00	916,550.00	5,686,141.03	30,506,311.62
Disposal	0.00	0.00	(108,363.00)	(40,855.14)	(628,073.83)	(877,691.12)	0.00	(1,299.06)	0.00	(1,656,282.15)
Transference	0.00	0.00	0.00	0.00	163,201.05	0.00	0.00	0.00	(163,201.05)	0.00
As at December 31, 2010	7,219,000.00	9,290,260.87	2,199,717.35	3,294,355.68	100,296,396.18	6,951,076.32	1,291,122.36	38,761,019.38	5,686,141.03	174,989,089.17
Accumulated depreciation :										
As at December 31, 2009	0.00	3,515,655.02	521,636.54	2,373,761.65	54,799,527.82	4,056,326.01	1,291,118.36	29,307,148.37	0.00	95,865,173.77
Depreciation for the year	0.00	417,886.17	111,772.90	250,366.43	13,733,311.15	1,318,751.75	0.00	3,761,435.30	0.00	19,593,523.70
Depreciation - write off	0.00	0.00	(6,738.63)	(36,969.19)	(414,710.17)	(866,986.80)	0.00	(1,298.06)	0.00	(1,326,702.85)
As at December 31, 2010	0.00	3,933,541.19	626,670.81	2,587,158.89	68,118,128.80	4,508,090.96	1,291,118.36	33,067,285.61	0.00	114,131,994.62
Net book value										
As at December 31, 2009	7,219,000.00	5,774,605.85	1,786,443.81	676,862.50	23,745,614.42	2,369,534.23	4.00	8,538,620.07	163,201.05	50,273,885.93
As at December 31, 2010	7,219,000.00	5,356,719.68	1,573,046.54	707,196.79	32,178,267.38	2,442,985.36	4.00	5,693,733.77	5,686,141.03	60,857,094.55

As at December 31, 2010 and 2009, equipment at cost of Baht 67.67 million and Baht 36.36 million, respectively were depreciated in full but are still in use.

As at December 31, 2010 and 2009, land, building and building improvement at cost of Baht 18.71 million and Baht 18.82 million, respectively 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 23).

Tools and technical equipment as at December 31, 2010

			(Unit : Baht)
Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight - line method			
- Before October 23, 1999	3,129,164.03	(3,129,063.03)	101.00
- 2004 until present	33,937,109.58	(26,211,424.36)	7,725,685.22
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	57,432,407.50	(32,980,000.34)	24,452,407.16
Total	100,296,396.18	(68,118,128.80)	32,178,267.38

Depreciation for the years ended December 31, 2010 and 2009 were Baht 13.73 million and Baht 12.86 million, respectively.

#### 10. OTHER NON - CURRENT ASSETS - NET

	2010	Baht	2009
Deposit receivable under contract	3,723,909.73		3,763,619.07
Properties foreclosed	22,164.22		0.00
Total	3,746,073.95		3,763,619.07
Less Allowance for doubtful accounts	(3,622,564.07)		(3,622,564.07)
Provision for impairment of properties foreclosed	(22,164.22)		0.00
Net	101,345.66		141,055.00

#### 11. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT - NET

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

	2010	Baht	2009
Payable under hire purchase agreement	3,764,123.46		5,766,271.78
Less Current portion of long - term liabilities	(2,332,811.50)		(2,718,724.21)
Net	1,431,311.96		3,047,547.57

The Company's vehicles at cost is under the payment as indicated in agreement as follows:

	2010	Baht	2009
Vehicles	15,439,266.37		16,229,210.30
Office equipment	242,780.16		0.00
Total	15,682,046.53		16,229,210.30



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

	2010	Baht	2009
Within 1 year	2,493,510.51		3,054,554.98
Over 1 year less than 3 years	1,508,527.26		3,085,439.02
Over 3 years less than 5 years	0.00		69,713.00
Total	4,002,037.77		6,209,707.00
Less Future interest expenses of financial lease agreement	(237,914.31)		(443,435.22)
Present value of liabilities under financial lease agreement	3,764,123.46		5,766,271.78

## 12. SHARE CAPITAL

According to the minutes of the Board of Directors' meeting no. 2/2009 held on May 9, 2009, passed the resolution to take the increase share capital according to the shareholders' extraordinary meeting no. 1/2008 held on February 2, 2008 for 19 million shares to offer to the public at the price of Baht 4.00 each and offer 1 million shares to the management and employees at Baht 3.20 each. In June 2009, the Company has received the payment for such share capital in fully amount, resulted premium on share capital amount of Baht 55.97 million, and the paid-up share capital to be Baht 90 million.

## 13. LEGAL RESERVE

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

## 14. RETAINED EARNINGS APPROPRIATION

### For the year 2010

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. During the period, the Company has paid the dividend in fully amount.

According to the minutes of Board of Directors' meeting no. 3/2010 held on August 7, 2010, passed the resolution to pay interim dividend to the shareholders at Baht 0.10 per share for 90 million shares, amounting to Baht 9.00 million. During the period, the Company has paid the interim dividend in fully amount.

### For the year 2009

According to the minutes of shareholders' general meeting for the year 2009 held on April 25, 2009, passed the resolution to pay dividend from profit of year 2008 to the shareholders at Baht 0.773 per share for total 70 million shares amounting to Baht 54.11 million. During the period, the Company has paid such dividend in whole amount.

According to the minutes of Board of Directors' meeting no. 3/2009 held on August 8, 2009, passed the resolution to pay interim dividend to the shareholders at Baht 0.15 per share for 90 million shares, amounting to Baht 13.50 million. During the period, the Company has paid the interim dividend in fully amount.

#### 15. DIRECTORS' REMUNERATION

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

#### 16. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the 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. Part of management benefit expenses are included in cost of services.

#### 17. INCOME TAX

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

#### 18. 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 :

##### 18.1 General information

Name	Relationship	Description	Pricing policy
Related persons			
Mr. Sannpat Rattakham	The Company's director and shareholder	Guarantee	Non-service charge
Mrs. Monta Chaiyaban	Near relative 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	Shareholders are the near relative of the Company's directors	Purchase of tools, technical equipment and goods	Close to market value.

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

Trade accounts payable

	2010	Baht	2009
Duwell Intertrade Limited	373,430.00		220,420.00

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

	2010	Baht	2009
Cost of services - purchase of goods			
Duwell Intertrade Limited	2,959,601.00		2,249,000.00
Administrative expenses - office rental			
Mrs. Monta Chaiyaban	102,000.00		102,000.00

18.4 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	1,722,090.00		373,500.00

#### 19. EXPENSES ANALYZED BY NATURE

	2010	Baht	2009
Employee benefit expenses	114,100,765.10		111,263,044.08
Depreciation	19,593,798.05		19,759,839.15
Supplies used	19,073,903.42		25,509,562.93
Contractor wage	17,484,243.84		13,380,235.82
Travelling and accommodation expenses	9,810,351.14		7,674,933.54
Office expenses	4,857,122.15		5,038,674.92
Fee and consulting fee	1,825,730.47		1,753,511.28
Repairs and maintenance expenses	3,803,591.04		2,395,245.05
Directors' remuneration	1,880,794.21		1,826,000.00
Management benefit expenses	14,651,824.86		13,707,391.59



## 20. PROMOTIONAL PRIVILEGES

20.1 The Company was granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 and the Board of Investment approved the activities under three 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 and no. 3 dated August 4, 2008. The significant privileges are as follows :

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

20.1.2 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.

20.1.3 The Company's shareholders will be exempt 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.

20.2 The results of operation of the Company for the year ended December 31, 2010 and 2009 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	240,244,676.59	239,805,395.33	36,714,166.21	38,344,335.66	276,958,842.80	278,149,730.99
Cost of services	(151,827,011.14)	(142,246,238.32)	(23,929,160.34)	(28,320,671.57)	(175,756,171.48)	(170,566,909.89)
Gross profit	88,417,665.45	97,559,157.01	12,785,005.87	10,023,664.09	101,202,671.32	107,582,821.10
Other income	0.00	0.00	1,824,179.01	1,559,370.55	1,824,179.01	1,559,370.55
Administrative expenses	(34,059,389.15)	(31,660,580.06)	(5,586,507.45)	(5,775,821.08)	(39,645,896.60)	(37,436,401.14)
Finance costs	(263,255.49)	(546,115.38)	(42,229.58)	(90,873.80)	(305,485.07)	(636,989.18)
Income tax	0.00	0.00	(1,803,951.17)	(1,058,653.61)	(1,803,951.17)	(1,058,653.61)
Net profit	54,095,020.81	65,352,461.57	7,176,496.68	4,657,686.15	61,271,517.49	70,010,147.72

## 21. SEGMENT INFORMATION

The Company's operation involve virtually 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 segment has not been presented.

## 22. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 1) Accounting policy

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

### 2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. The Company has 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 balance sheets at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

### 3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and joint venture's operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its deposits at financial institutions, short-term loans, overdrafts and short-term loans from financial institutions and long-term loans. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk.

### 4) Fair value of financial instruments

Financial assets shown in balance sheets consist of cash and deposits at financial institutions, short-term investment, trade accounts receivable, long-term investment and other receivables. Financial liabilities shown in balance sheet consist of trade accounts payable and other payables.

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

## 23. COMMITMENT AND CONTINGENT LIABILITIES

23.1 The Company has commitment under construction building agreement total amount as at December 31, 2010 of Baht 10.80 million.

23.2 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 December 31, 2010 and 2009 of Baht 3.69 million and Baht 3.71 million respectively.



## **24. 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% of 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 2010 and 2009, the Company has contribution expenses in the amount of Baht 2.27 million and Baht 2.29 million respectively.

## **25. CAPITAL MANAGEMENT**

The objective of financial management of the Company is to maintain the continuity of operation capability and capital structure to be properly appropriated.

## **26. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 26, 2011.