

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AUDITOR'S REPORT AND INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014  
(UNAUDITED/REVIEWED ONLY)



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D I A INTERNATIONAL AUDIT CO., LTD.

A Member Of  
Moore Stephens  
International Limited

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AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders of  
Qualitech Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Qualitech Public Company Limited and subsidiaries and of Qualitech Public Company Limited as at June 30, 2014, and the related consolidated and separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2014, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the six-month periods then ended and the condensed notes to financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information, in all material respects, in accordance with accounting standard No.34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

**Scope of Review**

I conducted my review in accordance with standard on review engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on this reviewed interim financial information.

**Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with accounting standard No.34 Interim Financial Reporting.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

August 9, 2014

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2014 (UNAUDITED/REVIEWED ONLY)

Assets	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Current assets</b>					
Cash and cash equivalents		37,538,570.97	38,744,385.05	33,676,316.54	33,309,761.23
Current investment	5	51,287,180.79	75,180,963.50	51,287,180.79	75,180,963.50
Trade and other receivables	6	70,973,527.38	66,048,169.17	68,650,688.06	65,100,635.24
Unbilled services income		91,932,677.52	91,819,560.12	92,414,654.96	91,869,896.86
Inventories		10,571,556.42	9,048,478.88	8,089,839.59	8,090,974.23
<b>Total current assets</b>		<b>262,303,513.08</b>	<b>280,841,556.72</b>	<b>254,118,679.94</b>	<b>273,552,231.06</b>
<b>Non-current assets</b>					
Investment in subsidiaries	7	0.00	0.00	3,519,550.00	3,519,550.00
Pledged bank deposits	8	20,322,889.49	13,958,077.02	20,322,889.49	13,958,077.02
Property, plant and equipment	9	148,060,322.56	130,295,541.24	146,408,624.23	128,799,971.78
Withholding income tax		4,608,431.41	4,548,807.91	4,595,764.11	4,538,223.20
Other non-current assets	10	3,552,415.70	934,530.92	3,552,415.70	934,530.92
<b>Total non-current assets</b>		<b>176,544,059.16</b>	<b>149,736,957.09</b>	<b>178,399,243.53</b>	<b>151,750,352.92</b>
<b>Total assets</b>		<b>438,847,572.24</b>	<b>430,578,513.81</b>	<b>432,517,923.47</b>	<b>425,302,583.98</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 JUNE 30, 2014 (UNAUDITED/REVIEWED ONLY)

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Current liabilities</b>					
Trade and other payables	11	47,142,845.79	51,527,281.15	51,657,755.18	52,897,011.95
Current portion of long-term liabilities	12	3,871,342.10	3,289,373.24	3,730,118.35	3,151,524.79
Accrued income tax		799,586.57	506,289.42	0.00	0.00
<b>Total current liabilities</b>		<b>51,813,774.46</b>	<b>55,322,943.81</b>	<b>55,387,873.53</b>	<b>56,048,536.74</b>
<b>Non-current liabilities</b>					
Financial lease liabilities	12	5,337,782.54	4,698,356.33	5,006,869.15	4,295,887.77
Employee benefit obligations	13	11,430,182.03	10,089,271.00	11,412,643.37	10,089,271.00
<b>Total non-current liabilities</b>		<b>16,767,964.57</b>	<b>14,787,627.33</b>	<b>16,419,512.52</b>	<b>14,385,158.77</b>
<b>Total liabilities</b>		<b>68,581,739.03</b>	<b>70,110,571.14</b>	<b>71,807,386.05</b>	<b>70,433,695.51</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Authorized share capital	14				
99,000,000 common shares of					
Baht 1 each		99,000,000.00	99,000,000.00	99,000,000.00	99,000,000.00
Issued and paid-up share capital	14				
96,895,485 common shares of					
Baht 1 each		96,895,485.00		96,895,485.00	
96,577,285 common shares of					
Baht 1 each			96,577,285.00		96,577,285.00
Premium on share capital		69,672,677.14	67,852,859.52	69,672,677.14	67,852,859.52
Equity-settled share-based payment reserve		183,984.26	501,897.88	183,984.26	501,897.88
<b>Retained earnings</b>					
Appropriated - legal reserve		10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Unappropriated	15	192,243,636.61	183,878,010.51	183,958,391.02	179,936,846.07
<b>Total owners of the Company</b>		<b>368,995,783.01</b>	<b>358,810,052.91</b>	<b>360,710,537.42</b>	<b>354,868,888.47</b>
Non-controlling interests		1,270,050.20	1,657,889.76	0.00	0.00
<b>Total shareholders' equity</b>		<b>370,265,833.21</b>	<b>360,467,942.67</b>	<b>360,710,537.42</b>	<b>354,868,888.47</b>
<b>Total liabilities and shareholders' equity</b>		<b>438,847,572.24</b>	<b>430,578,513.81</b>	<b>432,517,923.47</b>	<b>425,302,583.98</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2014	2013	2014	2013
Services income		105,472,945.95	97,448,739.44	103,549,972.37	97,379,579.94
Cost of services		(75,353,645.99)	(63,245,058.61)	(77,617,459.99)	(63,318,668.70)
Gross profit		30,119,299.96	34,203,680.83	25,932,512.38	34,060,911.24
Other income		1,727,918.62	1,005,263.21	2,207,451.49	948,407.09
Administrative expenses		(15,100,311.36)	(11,422,652.51)	(13,773,345.07)	(11,054,176.69)
Finance costs		(106,392.52)	(116,819.27)	(100,411.15)	(116,819.27)
Profit before income tax		16,640,514.70	23,669,472.26	14,266,207.65	23,838,322.37
Income tax expenses	16	(485,546.12)	(774,930.41)	56,304.56	(774,930.18)
Profit for the period		16,154,968.58	22,894,541.85	14,322,512.21	23,063,392.19
Other comprehensive income (expense)		0.00	0.00	0.00	0.00
Total comprehensive income for the period		16,154,968.58	22,894,541.85	14,322,512.21	23,063,392.19
Total comprehensive income attributable to :					
Owners of the Company		16,304,373.82	22,976,086.00	14,322,512.21	23,063,392.19
Non-controlling interests		(149,405.24)	(81,544.15)	0.00	0.00
		16,154,968.58	22,894,541.85	14,322,512.21	23,063,392.19
Earnings per share					
Basic earnings per share	17	0.17	0.24	0.15	0.24
Weighted average number of common shares	17	96,895,485	95,707,185	96,895,485	95,707,185
Diluted earnings per share	17	0.17	0.24	0.15	0.24
Weighted average number of common shares	17	97,867,921	97,516,907	97,867,921	97,516,907

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2014	2013	2014	2013
Services income		231,013,193.21	189,577,917.12	227,641,091.63	189,282,370.50
Cost of services		(156,512,744.25)	(126,681,653.00)	(161,412,458.28)	(126,034,164.25)
Gross profit		74,500,448.96	62,896,264.12	66,228,633.35	63,248,206.25
Other income		2,563,178.03	2,128,257.67	3,432,638.42	2,037,560.49
Administrative expenses		(28,588,744.14)	(22,695,075.05)	(26,228,468.29)	(22,076,382.91)
Finance costs		(205,974.56)	(210,039.49)	(193,670.43)	(210,039.49)
Profit before income tax		48,268,908.29	42,119,407.25	43,239,133.05	42,999,344.34
Income tax expenses	16	(1,532,927.75)	(1,348,643.89)	(459,394.10)	(1,517,428.66)
Profit for the period		46,735,980.54	40,770,763.36	42,779,738.95	41,481,915.68
Other comprehensive income (expense)		0.00	0.00	0.00	0.00
Total comprehensive income for the period		46,735,980.54	40,770,763.36	42,779,738.95	41,481,915.68
Total comprehensive income attributable to :					
Owners of the Company		47,123,820.10	41,115,174.21	42,779,738.95	41,481,915.68
Non-controlling interests		(387,839.56)	(344,410.85)	0.00	0.00
		46,735,980.54	40,770,763.36	42,779,738.95	41,481,915.68
Earnings per share					
Basic earnings per share	17	0.49	0.43	0.44	0.43
Weighted average number of common shares	17	96,756,602	95,454,665	96,756,602	95,454,665
Diluted earnings per share	17	0.48	0.42	0.44	0.43
Weighted average number of common shares	17	97,701,128	97,042,964	97,701,128	97,042,964

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

Consolidated financial statements (Baht)

Note	Owners of the Company										Total
	Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve		Retained earnings		Total owners of the Company	Non-controlling interests	Total shareholders' equity		
			share-based payment reserve	Appropriated	Unappropriated						
Balance as at December 31, 2013	96,577,285.00	67,852,859.52	501,897.88	10,000,000.00	183,878,010.51	358,810,052.91	1,657,889.76	360,467,942.67			
Changes in shareholders' equity for the six-month periods:											
Common shares exercised from warrants	14	318,200.00	1,819,817.62	(317,913.62)	0.00	0.00	0.00	1,820,104.00	0.00	1,820,104.00	
Dividend paid	15	0.00	0.00	0.00	0.00	(38,758,194.00)	0.00	(38,758,194.00)	0.00	(38,758,194.00)	
Total comprehensive income for the period		0.00	0.00	0.00	0.00	47,123,820.10	0.00	47,123,820.10	(387,839.56)	46,735,980.54	
Balance as at June 30, 2014		96,895,485.00	69,672,677.14	183,984.26	10,000,000.00	192,243,636.61	368,995,783.01	370,265,833.21	1,270,050.20	371,535,883.41	
Balance as at December 31, 2012		95,089,535.00	59,344,268.49	699,469.91	10,000,000.00	172,153,355.14	337,286,628.54	339,302,668.61	2,016,040.07	341,318,708.68	
Changes in shareholders' equity for the six-month periods:											
Common shares exercised from warrants		617,650.00	3,332,402.12	(617,094.12)	0.00	0.00	0.00	3,532,958.00	0.00	3,532,958.00	
Dividend paid		0.00	0.00	0.00	0.00	(47,853,592.50)	0.00	(47,853,592.50)	0.00	(47,853,592.50)	
Total comprehensive income for the period		0.00	0.00	0.00	0.00	41,115,174.21	0.00	41,115,174.21	(344,410.85)	40,770,763.36	
Balance as at June 30, 2013		95,707,185.00	62,876,670.61	82,375.79	10,000,000.00	165,414,936.85	334,081,168.25	335,752,797.47	1,671,629.22	337,424,426.69	

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

Note	Separate financial statements (Baht)						Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve	Appropriated	Retained earnings	Unappropriated	
Balance as at December 31, 2013	96,577,285.00	67,852,859.52	501,897.88	10,000,000.00	179,936,846.07	354,868,888.47	
Changes in shareholders' equity for the six-month periods:							
Common shares exercised from warrants	318,200.00	1,819,817.62	(317,913.62)	0.00	0.00	1,820,104.00	
Dividend paid	0.00	0.00	0.00	0.00	(38,758,194.00)	(38,758,194.00)	
Total comprehensive income for the period	0.00	0.00	0.00	0.00	42,779,738.95	42,779,738.95	
Balance as at June 30, 2014	96,895,485.00	69,672,677.14	183,984.26	10,000,000.00	183,958,391.02	360,710,537.42	
Balance as at December 31, 2012	95,089,535.00	59,344,268.49	699,469.91	10,000,000.00	171,279,243.34	336,412,516.74	
Changes in shareholders' equity for the six-month periods:							
Common shares exercised from warrants	617,650.00	3,532,402.12	(617,094.12)	0.00	0.00	3,532,958.00	
Dividend paid	0.00	0.00	0.00	0.00	(47,853,592.50)	(47,853,592.50)	
Total comprehensive income for the period	0.00	0.00	0.00	0.00	41,481,915.68	41,481,915.68	
Balance as at June 30, 2013	95,707,185.00	62,876,670.61	82,375.79	10,000,000.00	164,907,566.52	333,573,797.92	

Notes to financial statements are parts of these financial statements



QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Profit before income tax	48,268,908.29	42,119,407.25	43,239,133.05	42,999,344.34
Adjustments				
Unrealized gain on changes in investment valuation	(246,576.77)	(1,080,331.18)	(246,576.77)	(1,080,331.18)
Doubtful accounts	839,895.97	522,977.36	839,895.97	522,977.36
(Increase) decrease in unbilled service income	(113,117.40)	(20,208,388.84)	(544,758.10)	(20,208,388.84)
Depreciation	10,081,787.68	8,762,965.56	9,915,605.10	8,755,216.11
Loss on disposal of fixed assets	(99,482.82)	311,507.75	(99,482.82)	311,507.75
Loss on impairment of assets	0.00	1,760.30	0.00	1,760.30
Reverse of loss on impairment of assets	(17,695.87)	0.00	(17,695.87)	0.00
Write off withholding income tax	0.00	39,618.44	0.00	39,618.44
Employee benefits	1,340,911.03	595,612.00	1,323,372.37	595,612.00
Interest expenses	205,974.56	210,039.49	193,670.43	210,039.49
	60,260,604.67	31,275,168.13	54,603,163.36	32,147,355.77
(Increase) Decrease in portion of operating assets				
Trade and other receivables	(5,765,254.18)	16,148,595.91	(4,389,948.79)	13,901,544.20
Inventories	(1,523,077.54)	(1,269,221.13)	1,134.64	(1,269,221.13)
Other non-current assets	71,452.87	(618,428.30)	71,452.87	(618,428.30)
Increase (Decrease) in portion of operating liabilities				
Trade and other payables	(5,626,105.32)	(12,639,378.17)	(2,480,926.73)	(12,498,872.03)
Cash generated (paid) from operation	47,417,620.50	32,896,736.44	47,804,875.35	31,662,378.51
Interest paid	(205,974.56)	(210,039.49)	(193,670.43)	(210,039.49)
Income tax received (paid)	(1,299,254.10)	(337,212.89)	(516,935.01)	(181,011.19)
<b>Net cash provided by (used in) operating activities</b>	<b>45,912,391.84</b>	<b>32,349,484.06</b>	<b>47,094,269.91</b>	<b>31,271,327.83</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
<b>Cash flows from investing activities</b>				
Decrease in current investment	24,140,359.48	23,855,256.45	24,140,359.48	23,855,256.45
Increase in pledged bank deposit	(6,364,812.47)	(1,520,000.00)	(6,364,812.47)	(1,520,000.00)
Proceeds from sales of fixed assets	1,222,465.03	591,404.68	1,222,465.03	591,404.68
Payments for fixed assets acquisition	(24,647,159.25)	(11,988,694.98)	(24,324,847.80)	(11,946,114.43)
Advance payment for fixed assets acquisition	(2,671,641.78)	0.00	(2,671,641.78)	0.00
<b>Net cash provided by (used in) investing activities</b>	<b>(8,320,788.99)</b>	<b>10,937,966.15</b>	<b>(7,998,477.54)</b>	<b>10,980,546.70</b>
<b>Cash flows from financing activities</b>				
Decrease in financial lease liabilities	(1,859,326.93)	(1,499,187.28)	(1,791,147.06)	(1,499,187.28)
Dividend paid	(38,758,194.00)	(47,853,592.50)	(38,758,194.00)	(47,853,592.50)
Proceeds from exercised of warrants to purchase ordinary shares	1,820,104.00	3,532,958.00	1,820,104.00	3,532,958.00
<b>Net cash provided by (used in) financing activities</b>	<b>(38,797,416.93)</b>	<b>(45,819,821.78)</b>	<b>(38,729,237.06)</b>	<b>(45,819,821.78)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,205,814.08)</b>	<b>(2,532,371.57)</b>	<b>366,555.31</b>	<b>(3,567,947.25)</b>
<b>Cash and cash equivalents as at January 1</b>	<b>38,744,385.05</b>	<b>21,987,975.76</b>	<b>33,309,761.23</b>	<b>19,252,107.93</b>
<b>Cash and cash equivalents as at June 30</b>	<b>37,538,570.97</b>	<b>19,455,604.19</b>	<b>33,676,316.54</b>	<b>15,684,160.68</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

CONDENSED NOTES TO FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014

(UNAUDITED/REVIEWED ONLY)

**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 two branches office are located at 1/37 Moo 1, Nongchak, Banbueng, Chonburi and at 50, Soi Pattanakarn 57, Prawet District, Bangkok.
- 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 INTERIM FINANCIAL STATEMENTS BASIS**

- 2.1 The financial statements have been prepared in conformity with TAS 34 (Revised 2012) "Interim Financial Reporting", enunciated under the Accounting Professions Act B.E. 2547 and presented 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.

These interim financial statements have been prepared 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 statements of financial position, statements of comprehensive 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.

## 2.2 Accounting standards and financial reporting standards adoption during the period

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations and financial reporting interpretations which are expected to be effective for the financial statements beginning on or after January 1, 2014 as detailed below:

### Accounting Standards

- TAS 1 (Revised 2012) Presentation of Financial Statements
- TAS 7 (Revised 2012) Statement of Cash Flows
- TAS 12 (Revised 2012) Income Taxes
- TAS 17 (Revised 2012) Leases
- TAS 18 (Revised 2012) Revenue
- TAS 19 (Revised 2012) Employee Benefits
- TAS 21 (Revised 2012) The Effects of Changes in Foreign Exchange Rate
- TAS 24 (Revised 2012) Related Party Disclosures
- TAS 28 (Revised 2012) Investments in Associates
- TAS 31 (Revised 2012) Interests in Joint Venture
- TAS 34 (Revised 2012) Interim Financial Reporting
- TAS 36 (Revised 2012) Impairment of Assets
- TAS 38 (Revised 2012) Intangible Assets

### Financial Reporting Standards

- TFRS 2 (Revised 2012) Share - Based Payments
- TFRS 3 (Revised 2012) Business Combinations
- TFRS 5 (Revised 2012) Non-current Held for Sale and Discontinued Operations
- TFRS 8 (Revised 2012) Operating Segments

### Standing Interpretations

- TSIC 15 Operating Leases - Incentives
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- TSIC 29 Service Concession Arrangements Disclosures
- TSIC 32 Intangible Assets - Web Site Costs

### Financial Reporting Interpretations

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- TFRIC 4 Determining whether an Arrangement contains a Lease
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- TFRIC 7 Applying the Restatement Approach under TAS 29 *Financial Reporting in Hyperinflationary Economies*
- TFRIC 10 Interim Financial Reporting and Impairment
- TFRIC 12 Service Concession Arrangements
- TFRIC 13 Customers Loyalty Programmes
- TFRIC 17 Distributions of Non-cash Assets to Owners
- TFRIC 18 Transfer of Assets from Customers

The above accounting standards, financial reporting standards, standing interpretations and financial reporting interpretations will have no significantly impacts on these financial statements.

2.3 The new issued and revised accounting standards and financial reporting standards which are effective for the financial statements beginning on or after January 1, 2016 onwards and the Company and subsidiaries have not applied for these financial statements as follows:

### Financial Reporting Standards

- TFRS 4 Insurance Contracts

At present, the Company and subsidiaries are being evaluated the effects of those standards on the financial statements in the year in which they are initially applied.

## **3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS**

3.1 The interim consolidated financial statements have been prepared by including the interim financial statements of its subsidiary on which Qualitech Public Company Limited has ability to control in making financial and operating decisions upto the controllable is ceased as below :

	Percentage of investment %		Type of Business
	June 30, 2014	December 31, 2013	
Subsidiaries			
QLT International Limited	99.99	99.99	Providing engineering services in both Thailand and overseas and engage in relevant business
Qualitech Myanmar Limited	50.99	50.99	Providing safety engineering services in Myanmar and other related business

3.2 The interim 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 its subsidiaries, unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the interim consolidated financial statements.

#### 4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended December 31, 2013.

#### 5. CURRENT INVESTMENT

	<b>Consolidated and Separate financial statements (Baht)</b>	
	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Open-end fund	51,287,180.79	54,265,848.19
Cash at bank - fixed deposit with 6 months maturity	0.00	20,915,115.31
<b>Total</b>	<b>51,287,180.79</b>	<b>75,180,963.50</b>

The increase and decrease of current investment for the six-month periods ended June 30, 2014 are as follows :

	<b>(Unit : Baht)</b>
	<b>Consolidated and Separate financial statements</b>
Book value as at January 1, 2014	75,180,963.50
Increase investment during the period	65,531,550.18
Sales of investment during the period	(89,671,909.66)
Gain on changes of fair value	246,576.77
Book value as at June 30, 2014	51,287,180.79

## 6. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trade accounts receivable	75,558,011.08	73,069,143.37	74,282,748.47	72,675,874.83
Other receivables	9,799,109.48	6,522,723.01	8,751,532.77	5,968,457.62
<b>Total</b>	<b>85,357,120.56</b>	<b>79,591,866.38</b>	<b>83,034,281.24</b>	<b>78,644,332.45</b>
Less Allowance for doubtful accounts				
- trade accounts receivable	(14,383,593.18)	(13,543,697.21)	(14,383,593.18)	(13,543,697.21)
<b>Net</b>	<b>70,973,527.38</b>	<b>66,048,169.17</b>	<b>68,650,688.06</b>	<b>65,100,635.24</b>

Billed trade accounts receivable separated on aging are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Undue trade accounts receivable	29,349,231.47	25,483,298.52	30,038,542.36	25,344,521.78
Overdue trade accounts receivable				
- Less than 3 months	25,654,819.83	29,724,983.69	23,690,246.33	29,692,543.69
- Over 3 months to 6 months	4,298,372.77	4,773,344.34	4,298,372.77	4,708,464.34
- Over 6 months to 9 months	3,437,391.99	91,150.00	3,437,391.99	91,150.00
- Over 9 months to 12 months	0.00	0.00	0.00	0.00
- Over 12 months	12,818,195.02	12,996,366.82	12,818,195.02	12,839,195.02
<b>Total</b>	<b>75,558,011.08</b>	<b>73,069,143.37</b>	<b>74,282,748.47</b>	<b>72,675,874.83</b>

## 7. INVESTMENTS IN SUBSIDIARIES

Company's name	Registration in	Paid-up share capital (Baht)	Percentage of shareholding	Separate financial statements (Baht)	
				June 30, 2014	December 31, 2013
QLT International Limited	Thailand	2,500,000.00	99.99	2,499,850.00	2,499,850.00
Qualitech Myanmar Limited	Thailand	2,000,000.00	50.99	1,019,700.00	1,019,700.00
	Total			3,519,550.00	3,519,550.00

The financial statements for the three-month and six-month periods ended June 30, 2014 of above subsidiaries have been taken for preparing the consolidated financial statements which were reviewed by the auditor.

## 8. PLEDGED BANK DEPOSIT

As at June 30, 2014, the Company has deposit at a bank amount of Baht 20.32 million which is mortgaged as collateral against contingent liabilities from bank's issuance of letter of guarantee (note 23).



## 9. PROPERTY, PLANT AND EQUIPMENT

9.1 The increase and decrease of property, plant and equipment for the six-month periods ended June 30, 2014 are as follow :

	(Unit : Baht)	
	<b>Consolidated</b>	<b>Separate</b>
	<b>financial statements</b>	<b>financial statements</b>
Net book value as at January 1, 2014	130,295,541.24	128,799,971.78
Purchase during the period - cost	29,560,229.78	29,237,918.33
Disposal during the period - net book value as at disposal date	(1,713,660.78)	(1,713,660.78)
Depreciation for the period	(10,081,787.68)	(9,915,605.10)
Net book value as at June 30, 2014	<u>148,060,322.56</u>	<u>146,408,624.23</u>

9.2 Tools and technical equipment as at June 30, 2014

		(Unit : Baht)	
Assets acquired	Cost	Accumulated depreciation	Net cost
Depreciation by straight-line method			
- Before October 23, 1999	1,645,389.95	(1,645,309.95)	80.00
- 2004 until present	51,900,279.97	(35,107,889.41)	16,792,390.56
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	4,147,694.17	(4,147,621.17)	73.00
- 2006 until present	73,276,704.50	(47,039,243.69)	26,237,460.81
Total	<u>130,970,068.59</u>	<u>(87,940,064.22)</u>	<u>43,030,004.37</u>

Depreciation for the six-month periods ended June 30, 2014 were Baht 6.91 million.

## 10. OTHER NON-CURRENT ASSETS

		Consolidated and Separate financial statements (Baht)	
		June 30, 2014	December 31, 2013
Deposit receivable under contract		4,503,337.99	4,557,094.99
Advance payment for purchase of equipments		2,671,641.78	0.00
Others		6,709.18	24,405.05
Total		<u>7,181,688.95</u>	<u>4,581,500.04</u>
Less Allowance for doubtful accounts		(3,622,564.07)	(3,622,564.07)
Provision for impairment of assets		(6,709.18)	(24,405.05)
Net		<u>3,552,415.70</u>	<u>934,530.92</u>

## 11. TRADE AND OTHER PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Trade accounts payable	11,952,005.08	8,213,563.52	18,359,663.69	11,567,703.14
Other payables				
Accrued expenses	27,413,926.57	35,913,594.06	25,828,298.82	34,117,301.48
Assets payables	5,342,653.95	4,100,983.99	5,342,653.95	4,100,983.99
Others	2,434,260.19	3,299,139.58	2,127,138.72	3,111,023.34
<b>Total</b>	<b>47,142,845.79</b>	<b>51,527,281.15</b>	<b>51,657,755.18</b>	<b>52,897,011.95</b>

## 12. FINANCIAL LEASE LIABILITIES

12.1 Financial lease liabilities excluded future interest expenses as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Hire purchase payable	9,209,124.64	7,987,729.57	8,736,987.50	7,447,412.56
Less Current portion of				
long-term liabilities	(3,871,342.10)	(3,289,373.24)	(3,730,118.35)	(3,151,524.79)
<b>Net</b>	<b>5,337,782.54</b>	<b>4,698,356.33</b>	<b>5,006,869.15</b>	<b>4,295,887.77</b>

12.2 The increase and decrease of financial lease liabilities for the six-month periods ended June 30, 2014 are as follow :

	(Unit : Baht)	
	Consolidated	Separate
	financial statements	financial statements
Book value as at January 1, 2014	7,987,729.57	7,447,412.56
Increase during the period	3,080,722.00	3,080,722.00
Repayment during the period	(1,859,326.93)	(1,791,147.06)
<b>Book value as at June 30, 2014</b>	<b>9,209,124.64</b>	<b>8,736,987.50</b>

12.3 The Company's assets at cost are under the payment as indicated in agreement as follows:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Vehicles	21,443,037.38	17,335,037.38	20,664,037.38	16,556,037.38
Office equipment	0.00	242,780.16	0.00	242,780.16
<b>Total</b>	<b>21,443,037.38</b>	<b>17,577,817.54</b>	<b>20,664,037.38</b>	<b>16,798,817.54</b>

12.4 The minimum amount to be paid under financial lease as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Within 1 year	4,226,709.00	3,664,223.88	4,065,741.00	3,503,255.88
Over 1 year less than 3 years	4,924,364.00	4,647,199.97	4,575,600.00	4,217,951.97
Over 3 years less than 5 years	596,636.00	236,391.00	596,636.00	236,391.00
<b>Total</b>	<b>9,747,709.00</b>	<b>8,547,814.85</b>	<b>9,237,977.00</b>	<b>7,957,598.85</b>
Less Future interest expenses of financial lease	(538,584.36)	(560,085.28)	(500,989.50)	(510,186.29)
<b>Present value of financial lease liabilities</b>	<b>9,209,124.64</b>	<b>7,987,729.57</b>	<b>8,736,987.50</b>	<b>7,447,412.56</b>

### 13. EMPLOYEE BENEFIT OBLIGATIONS

The increase and decrease of employee benefit obligations for the six-month periods ended June, 2014 are as follow :

	(Unit : Baht)	
	Consolidated financial statements	Separate financial statements
Book value as at January 1, 2014	10,089,271.00	10,089,271.00
Current cost of services and interest	1,340,911.03	1,323,372.37
<b>Book value as at June, 2014</b>	<b>11,430,182.03</b>	<b>11,412,643.37</b>

## 14. SHARE CAPITAL

14.1 The increase and decrease of share capital for the six-month periods ended June, 2014 are as follow :

	Authorized share capital		Issued and paid-up share capital	
	Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Balance as at January 1, 2014	99,000,000	99,000,000.00	96,577,285	96,577,285.00
Common shares issued from exercise				
of warrants ( QLT-ESOP )	0	0.00	318,200	318,200.00
Balance as at June 30, 2014	99,000,000	99,000,000.00	96,895,485	96,895,485.00

14.2 The increase and decrease of common shares issued from exercise of warrants ( QLT -ESOP ) for the six-month periods ended June 30, 2014 are as follow :

	Number of units
Balance as at January 1, 2014	2,222,350
Exercise of warrants	(318,200)
Balance as at June 30, 2014	1,904,150

## 15. RETAINED EARNINGS APPROPRIATION

According to the annual general shareholders' meeting for the year 2014 held on April 9, 2014, the shareholders passed the resolution to pay dividend to the shareholders at Baht 0.65 per share, total amount of Baht 62.68 million by making interim dividend payment at Baht 0.25 per share for 95.71 million ordinary shares, total amount of Baht 23.93 million, thus, the remaining annual dividend payment at Baht 0.40 per share for 96.90 million ordinary shares, total amount of Baht 38.75 million. During the period, the Company has fully paid such dividend.

## 16. INCOME TAX

16.1 The calculation of current income taxes

### Parent company

For the second quarter of 2014, the Company calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses 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 21).

## Subsidiaries

For the second quarter of 2014, subsidiaries calculated corporate income tax at the rate of 15 -20% of profit (loss) before deducting with tax expenses and added back other expenses which shall not be allowed as expenses in tax calculation (if any).

16.2 Income tax recognized in profit or loss for the three-month and six-month periods ended June 30, 2014 and 2013 are as follows:

	For the three-month periods			
	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
<u>For the three-month periods</u>				
<b>Current income tax</b>				
For the current year	485,546.12	774,930.41	(56,304.56)	774,930.18
<b>Deferred tax</b>				
Changes in temporary				
differences of deferred tax	0.00	0.00	0.00	0.00
Total income tax	485,546.12	774,930.41	(56,304.56)	774,930.18
<b>For the six-month periods</b>				
<u>For the six-month periods</u>				
	For the six-month periods			
	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
<b>Current income tax</b>				
For the current year	1,532,927.75	1,348,643.89	459,394.10	1,517,428.66
<b>Deferred tax</b>				
Changes in temporary				
differences of deferred tax	0.00	0.00	0.00	0.00
Total income tax	1,532,927.75	1,348,643.89	459,394.10	1,517,428.66

As at June 30, 2014, allowance for doubtful accounts amount of Baht 14.38 million is allowance for doubtful accounts of trade accounts receivable granted from promotional investment which have no impacts on deferred tax from applying TAS 12 "Income Taxes".

## 17. EARNINGS PER SHARE

Diluted earnings per share is determined by dividing the net profit (loss) for the period by the average number of ordinary shares issued and paid-up during the period including the number of ordinary shares issued to the holders of warrants to purchase ordinary shares of the Company.

17.1 For the three-month periods ended June 30, 2014 and 2013 are as follow :

Consolidated financial statements									
	Profit for the period			Number of shares			Earnings / share		
	2014	Baht	2013	2014	shares	2013	2014	Baht 2013	
Basic earnings per share									
Net profit (loss) of common shareholders	16,304,373.82		22,976,086.00	96,895,485		95,707,185	0.17	0.24	
Effects of potential common share (exercise rights)	-		-	972,436		1,809,722			
Diluted earnings per share									
Profit (Loss) of common shareholders assumed as conversion to common share	16,304,373.82		22,976,086.00	97,867,921		97,516,907	0.17	0.24	
Separate financial statements									
	Profit for the period			Number of shares			Earnings / share		
	2014	Baht	2013	2014	shares	2013	2014	Baht 2013	
Basic earnings per share									
Net profit (loss) of common shareholders	14,322,512.21		23,063,392.19	96,895,485		95,707,185	0.15	0.24	
Effects of potential common share (exercise rights)	-		-	972,436		1,809,722			
Diluted earnings per share									
Profit (Loss) of common shareholders assumed as conversion to common share	14,322,512.21		23,063,392.19	97,867,921		97,516,907	0.15	0.24	

17.2 For the six-month periods ended June 30, 2014 and 2013 are as follow :

<b>Consolidated financial statements</b>							
	<b>Profit for the period</b>			<b>Number of shares</b>		<b>Earnings / share</b>	
	<b>2014</b>	<b>Baht</b>	<b>2013</b>	<b>2014</b>	<b>shares</b>	<b>2013</b>	<b>2014 Baht 2013</b>
<b>Basic earnings per share</b>							
Net profit (loss) of common shareholders	47,123,820.10	41,115,174.21	96,756,602	95,454,665		<u>0.49</u>	<u>0.43</u>
Effects of potential common share (exercise rights)	-	-	944,526	1,588,299			
<b>Diluted earnings per share</b>							
Profit (Loss) of common shareholders assumed as conversion to common share	<u>47,123,820.10</u>	<u>41,115,174.21</u>	<u>97,701,128</u>	<u>97,042,964</u>		<u>0.48</u>	<u>0.42</u>
<b>Separate financial statements</b>							
	<b>Profit for the period</b>			<b>Number of shares</b>		<b>Earnings / share</b>	
	<b>2014</b>	<b>Baht</b>	<b>2013</b>	<b>2014</b>	<b>shares</b>	<b>2013</b>	<b>2014 Baht 2013</b>
<b>Basic earnings per share</b>							
Net profit (loss) of common shareholders	42,779,738.95	41,481,915.68	96,756,602	95,454,665		<u>0.44</u>	<u>0.43</u>
Effects of potential common share (exercise rights)	-	-	944,526	1,588,299			
<b>Diluted earnings per share</b>							
Profit (Loss) of common shareholders assumed as conversion to common share	<u>42,779,738.95</u>	<u>41,481,915.68</u>	<u>97,701,128</u>	<u>97,042,964</u>		<u>0.44</u>	<u>0.43</u>

## 18. ADDITION DISCLOSURE OF STATEMENTS OF CASH FLOWS

### 18.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Cash	463,695.00	454,187.14	323,119.00	335,873.92
Cash at bank - current accounts	34,000.00	34,000.00	34,000.00	34,000.00
Cash at bank - savings deposit	15,926,514.04	18,825,055.41	12,204,835.61	15,171,925.12
Cash at bank - fixed deposit	21,114,361.93	142,361.64	21,114,361.93	142,361.64
<b>Total</b>	<b>37,538,570.97</b>	<b>19,455,604.19</b>	<b>33,676,316.54</b>	<b>15,684,160.68</b>

### 18.2 Non-cash transaction

For the second quarter of 2014, the Company entered into hire purchase vehicles agreement of Baht 4.11 million which was already made the initial installment in the amount of Baht 1.03 million. The remaining is presented as financial lease liabilities. The Company also has the outstanding for fixed assets acquisition amount of Baht 5.34 million which is presented as other payables.

## 19. 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 :

### 19.1 General information

Name	Relationship	Description	Pricing policy
Related persons			
Mr. Sumet Techachainiran	The Company's director and shareholder	Guarantee	Non-service charge
Mrs. Monta Chaiyaban	Spouses of the Company's director and shareholder	Office rental	At the agreed rate of Baht 8,500 starting in June 2008
		Land and office building acquisition	At the value appraised by the independent appraiser plus Baht 1.5 million



Name	Relationship	Description	Pricing policy
<b>Subsidiary companies</b>			
Qualitech Myanmar Limited	The Company held 50.99% share capital, director and management have common shareholding	Wages	Close to market value
QLT International Limited	The Company held 99.99% share capital, director and management have common shareholding	Wages	Close to market value
<b>Related company</b>			
Parami Energy Service Co., Ltd.	Director and shareholder of subsidiary	Hire of work income	At agreed price
		Wages	At agreed price
		Management fee	At agreed price

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
<b>Trade and other receivables</b>				
Qualitech Myanmar Limited	0.00	0.00	500,000.00	1,500.00
QLT International Limited	0.00	0.00	26,000.00	22,020.00
Parami Energy Service Co., Ltd.	90,826.87	392,113.68	0.00	0.00
<b>Total</b>	<b>90,826.87</b>	<b>392,113.68</b>	<b>526,000.00</b>	<b>23,520.00</b>
<b>Unbilled services income</b>				
Qualitech Myanmar Limited	0.00	0.00	484,475.00	0.00
QLT International Limited	0.00	0.00	432,149.54	80,000.00
	0.00	0.00	916,624.54	80,000.00
<b>Trade and other payables</b>				
Qualitech Myanmar Limited	0.00	0.00	113,699.77	107,836.74
QLT International Limited	0.00	0.00	6,369,726.00	3,985,101.44
Parami Energy Service Co., Ltd.	216,633.20	612,397.37	0.00	0.00
<b>Total</b>	<b>216,633.20</b>	<b>612,397.37</b>	<b>6,483,425.77</b>	<b>4,092,938.18</b>

19.3 Revenues and expenses transaction with related persons and parties for the three-month and six-month periods ended June 30, 2014 and 2013 are as follows :

**For the three-month periods**

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Service income - wages				
QLT International Limited	0.00	0.00	320,000.00	0.00
Other income - rental				
QLT International Limited	0.00	0.00	72,897.34	0.00
Other income - management fee				
Qualitech Myanmar Limited	0.00	0.00	286,575.00	0.00
QLT International Limited	0.00	0.00	112,149.45	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>398,724.45</u>	<u>0.00</u>
Cost of services - wages				
Qualitech Myanmar Limited	0.00	0.00	74,483.02	114,130.50
QLT International Limited	0.00	0.00	4,780,959.64	0.00
Parami Energy Service Co., Ltd.	61,637.65	0.00	0.00	0.00
Total	<u>61,637.65</u>	<u>0.00</u>	<u>4,855,442.66</u>	<u>114,130.50</u>
Cost of services - material supply				
QLT International Limited	0.00	0.00	825,602.00	0.00
Administrative expenses - wages				
Parami Energy Service Co., Ltd.	0.00	0.00	0.00	33,612.27
Administrative expenses - office rental				
Parami Energy Service Co., Ltd.	196,430.00	0.00	0.00	0.00

**For the six-month periods**

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Service income - wages				
Qualitech Myanmar Limited	0.00	0.00	84,285.40	0.00
QLT International Limited	0.00	0.00	320,000.00	0.00
Parami Energy Service Co., Ltd.	388,935.30	0.00	0.00	0.00
Total	<u>388,935.30</u>	<u>0.00</u>	<u>404,285.40</u>	<u>0.00</u>

For the six-month periods

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Other income - rental				
QLT International Limited	0.00	0.00	145,794.42	0.00
Other income - management fee				
Qualitech Myanmar Limited	0.00	0.00	484,475.00	0.00
QLT International Limited	0.00	0.00	232,149.54	0.00
Total	0.00	0.00	716,624.54	0.00
Cost of services - wages				
Qualitech Myanmar Limited	0.00	0.00	74,483.02	114,130.50
QLT International Limited	0.00	0.00	10,389,304.85	0.00
Parami Energy Service Co., Ltd.	198,961.63	0.00	0.00	0.00
Total	198,961.63	0.00	10,463,787.87	114,130.50
Cost of services - material supply				
QLT International Limited	0.00	0.00	825,602.00	0.00
Parami Energy Service Co., Ltd.	256,646.99	0.00	0.00	0.00
Total	256,646.99	0.00	825,602.00	0.00
Administrative expenses - wages				
Qualitech Myanmar Limited	0.00	0.00	0.00	33,612.27
Administrative expenses - office rental				
Mrs. Monta Chaiyaban	0.00	8,500.00	0.00	8,500.00
Parami Energy Service Co., Ltd.	196,430.00	0.00	0.00	0.00
Total	196,430.00	8,500.00	0.00	8,500.00

19.4 Fixed assets acquisition with related persons and parties are as follows :

For the first quarter of 2013, according to the minutes of Board of directors' meeting No. 1/2013 held on February 16, 2013, the Board of directors ratified involving land and office building acquisition instead of lease from spouses of the Company's director and shareholder (Mrs. Monta Chaiyaban). The Company acquired such land with its office building in the price of Baht 7.50 million which is higher than the appraisal value amount of Baht 1.50 million that the management deems that this price is appropriated, caused by the Company can save the cost of removal and renovation of its office.

## 20. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature for the three-month and six-month periods ended June 30, 2014 and 2013 are as follows :

	For the three-month periods			
	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Employee benefit expenses	55,778,219.74	45,564,085.98	53,479,752.17	45,562,438.51
Depreciation	5,416,321.84	4,430,409.69	5,325,265.62	4,425,963.79
Supplies used	10,067,293.29	7,010,985.23	8,660,121.87	7,010,985.23
Contractor wage	2,595,819.51	3,336,245.05	8,256,537.22	3,448,750.55
Travelling and accommodation expenses	3,426,691.21	2,656,585.82	3,096,570.89	2,658,495.52
Office expenses	2,180,133.93	1,536,893.85	1,883,125.24	1,536,856.85
Fee and consulting fee	1,141,100.67	661,772.52	1,024,585.82	636,660.52
Repairs and maintenance expenses	1,095,413.77	1,827,742.21	1,087,353.69	1,827,742.21
Directors' remuneration	764,461.10	589,123.63	764,461.10	589,123.63
Management benefit expenses	4,396,157.31	4,021,136.31	4,396,157.31	4,021,136.31
	For the six-month periods			
	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2014	2013	2014	2013
Employee benefit expenses	112,310,940.87	90,098,958.50	108,179,277.66	90,095,823.29
Depreciation	10,081,787.68	8,762,965.56	9,915,605.10	8,755,216.11
Supplies used	19,088,185.21	14,415,133.96	16,920,311.86	14,338,210.39
Contractor wage	10,021,591.86	7,838,267.15	20,543,963.11	7,950,772.65
Travelling and accommodation expenses	6,450,803.82	5,059,831.22	5,848,158.41	5,025,739.75
Office expenses	4,272,390.27	3,375,556.97	3,886,852.06	3,375,455.97
Fee and consulting fee	1,879,921.77	1,384,153.01	1,714,241.04	1,333,839.01
Repairs and maintenance expenses	3,656,207.67	3,231,477.38	3,620,082.47	3,231,477.38
Directors' remuneration	1,513,736.70	1,204,411.85	1,513,736.70	1,204,411.85
Management benefit expenses	9,278,096.17	8,249,849.84	9,278,096.17	8,249,849.84

## 21. PROMOTIONAL PRIVILEGES

The results of operation of the Company for the six-month periods ended June 30, 2014 and 2013 separated into promoted business and non-promoted business

as follows :

	Consolidated financial statements (Baht)					
	Promoted business		Non-promoted business		Total	
	2014	2013	2014	2013	2014	2013
Services income	188,268,222.37	159,357,458.28	42,744,970.84	30,220,458.84	231,013,193.21	189,577,917.12
Cost of services	(125,683,462.17)	(105,419,728.23)	(30,829,282.08)	(21,261,924.77)	(156,512,744.25)	(126,681,653.00)
Gross profit	62,584,760.20	53,937,730.05	11,915,688.76	8,958,534.07	74,500,448.96	62,896,264.12
Other income	0.00	0.00	2,563,178.03	2,128,257.67	2,563,178.03	2,128,257.67
Administrative expenses	(21,304,814.38)	(18,388,236.78)	(7,283,929.76)	(4,306,838.27)	(28,588,744.14)	(22,695,075.05)
Finance costs	(157,802.67)	(174,949.67)	(48,171.89)	(35,089.82)	(205,974.56)	(210,039.49)
Profit before income tax	41,122,143.15	35,374,543.60	7,146,765.14	6,744,863.65	48,268,908.29	42,119,407.25
Income tax expenses	0.00	0.00	(1,532,927.75)	(1,348,643.89)	(1,532,927.75)	(1,348,643.89)
Profit for the period	41,122,143.15	35,374,543.60	5,613,837.39	5,396,219.76	46,735,980.54	40,770,763.36

## 22. OPERATING SEGMENTS

22.1 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.

22.2 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.

	Consolidated financial statements (Million Baht)			
	For the three-month periods		For the six-month periods	
	2014	2013	2014	2013
Nondestructive testing	54.30	56.57	128.87	109.37
Testing and certification of welding work	51.26	40.88	102.23	80.21

## 23. COMMITMENT AND CONTINGENT LIABILITIES

23.1 The Company has commitment under acquire technical equipment agreement as at June 30, 2014 amount of MRY 419,826.44 and December 31, 2013 amount of USD 17,500.

23.2 The Company has commitment under acquire programme computer agreement as at June 30, 2014 amount of Baht 1.28 million.

23.3 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 June 30, 2014 and December 31, 2013 of Baht 19.01 million and Baht 13.34 million respectively. Contingent liabilities are guaranteed by bank deposits (Note 8).

## 24. INTERIM FINANCIAL STATEMENTS APPROVAL

These interim financial statements were approved and authorized for issue by the Board of directors of the Company on August 9, 2014.