

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016



## AUDITOR'S REPORT

To The Shareholders of Qualitech Public Company Limited

### Opinion

I have audited the accompanying consolidated and separate financial statements of **Qualitech Public Company Limited and subsidiaries (the Group)** and of **Qualitech Public Company Limited (the Company)**, which comprise consolidated and separate statements of financial position as at December 31, 2016, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of **Qualitech Public Company Limited and subsidiaries** and of **Qualitech Public Company Limited** as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### **Recognition of revenues from services and unbilled services income**

As at December 31, 2016, the Company and subsidiaries have material amount of unbilled revenues from services of Baht 61.74 million in the consolidated financial statements. The calculation of unbilled services income is complicated procedure because of various rate of services fee and depending on the nature of service rendering of each contract. There are a lot of internal control document for recoding services rendering in each day which may result to the incomplete collection of such document and/or inaccurate calculation of unbilled revenue from services income. Accordingly, I have addressed as key audit matter.

I have obtained an assurance in respect of the accuracy and completeness of unbilled services income, by included;

- Obtained an understanding of internal control system relating to revenues from services recognition.
- Tested the significant internal control system relating to the accuracy and completeness of revenues from services.
- Checked the details of unbilled services income with document of time record and completed works, the rate of service fee and nature of work as stipulated in engagement contract.
- Tested the calculating amount of details of unbilled services income.

### **Control of equipment and tools on site work**

As stated in notes 10 to financial statements, as at December 31, 2016 the Company and subsidiaries have material amount of equipment and tools of Baht 61.62 million (net of accumulated depreciation amount of Baht 118.28 million) in the consolidated financial statements. Such tools and equipment are main assets used for providing services rendering to customers since the Company and subsidiaries have many service sites and have to take such assets to perform the work at the site as stipulated by customers. Such assets, therefore, may easily lost. Accordingly, I have addressed the existing of such assets as key audit matter.

I have obtained an assurance in respect of the existing of tools and equipment, by included;

- Obtained an understanding of internal control system relating to tools and equipment.
- Performed of the physical count stock of tools and equipment as at the end of year as disclosed in details of tools and equipment of each site work.
- Reconciled the details of tools and equipment of each service site as at the end of year and the register of tools and equipment.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 18, 2017

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	42,989,813.61	27,623,950.41	37,649,151.26	20,734,312.57
Current investment	6	47,241,567.47	112,918,740.24	16,491,828.55	97,355,552.25
Trade and other receivables	7	98,465,425.49	105,712,912.37	96,065,687.30	95,154,294.46
Unbilled services income		61,744,049.97	67,978,456.23	60,568,183.15	65,704,914.41
Inventories		6,290,963.53	12,107,154.17	4,509,651.52	9,610,272.75
<b>Total current assets</b>		<b>256,731,820.07</b>	<b>326,341,213.42</b>	<b>215,284,501.78</b>	<b>288,559,346.44</b>
<b>Non-current assets</b>					
Investment in subsidiaries	8	0.00	0.00	10,249,385.00	11,269,085.00
Pledged bank deposits	9	30,313,819.01	30,669,924.49	29,882,319.01	29,075,674.49
Property, plant and equipment	10	208,048,315.21	167,257,100.47	204,366,968.78	164,464,507.17
Intangible assets		2,163,635.37	2,463,046.84	2,163,635.37	2,463,046.84
Income tax deducted at source		6,150,649.97	9,381,743.60	6,150,649.97	9,364,361.95
Others non-current assets	11	523,651.38	421,110.92	523,651.38	421,110.92
<b>Total non-current assets</b>		<b>247,200,070.94</b>	<b>210,192,926.32</b>	<b>253,336,609.51</b>	<b>217,057,786.37</b>
<b>Total assets</b>		<b>503,931,891.01</b>	<b>536,534,139.74</b>	<b>468,621,111.29</b>	<b>505,617,132.81</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	12	41,406,613.00	60,294,704.62	45,132,435.08	58,779,224.38
Current portion of long-term liabilities	13	3,111,848.51	4,328,424.67	2,778,443.77	3,957,582.33
Short-term loans		0.00	566,465.63	0.00	0.00
Accrued income tax		984,838.94	2,365,622.71	0.00	0.00
<b>Total current liabilities</b>		<b>45,503,300.45</b>	<b>67,555,217.63</b>	<b>47,910,878.85</b>	<b>62,736,806.71</b>
<b>Non-current liabilities</b>					
Financial lease liabilities	13	3,623,090.02	5,333,823.15	3,364,314.83	4,741,682.46
Employee benefit obligations	14	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00
<b>Total non-current liabilities</b>		<b>14,456,328.03</b>	<b>20,700,417.16</b>	<b>14,155,697.83</b>	<b>19,892,324.46</b>
<b>Total liabilities</b>		<b>59,959,628.48</b>	<b>88,255,634.79</b>	<b>62,066,576.68</b>	<b>82,629,131.17</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Authorized share capital	15				
98,568,485 common shares of					
Baht 1 each		98,568,485.00		98,568,485.00	
99,000,000 common shares of					
Baht 1 each			99,000,000.00		99,000,000.00
Issued and paid-up share capital					
98,568,485 common shares of					
Baht 1 each		98,568,485.00	98,568,485.00	98,568,485.00	98,568,485.00
Premium on share capital		75,175,543.40	75,175,543.40	75,175,543.40	75,175,543.40
Equity-settled share-based payment reserve		4,065,188.03	4,065,188.03	4,065,188.03	4,065,188.03
<b>Retained earnings</b>					
Appropriated - legal reserve	16	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Unappropriated	17	256,158,700.10	259,926,496.63	218,745,318.18	235,178,785.21
<b>Total owners of the Company</b>		<b>443,967,916.53</b>	<b>447,735,713.06</b>	<b>406,554,534.61</b>	<b>422,988,001.64</b>
Non-controlling interests		4,346.00	542,791.89	0.00	0.00
<b>Total shareholders' equity</b>		<b>443,972,262.53</b>	<b>448,278,504.95</b>	<b>406,554,534.61</b>	<b>422,988,001.64</b>
<b>Total liabilities and shareholders' equity</b>		<b>503,931,891.01</b>	<b>536,534,139.74</b>	<b>468,621,111.29</b>	<b>505,617,132.81</b>

Notes to financial statements are parts of these financial statements



QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Services income		445,775,302.81	508,306,881.95	433,858,315.20	491,540,567.44
Cost of services		(323,807,470.59)	(332,672,059.83)	(331,571,769.54)	(339,931,991.74)
Gross profit		121,967,832.22	175,634,822.12	102,286,545.66	151,608,575.70
Other income		3,294,844.90	6,997,432.50	3,482,471.17	8,687,940.99
Administrative expenses		(74,634,192.27)	(69,709,320.25)	(71,350,902.59)	(64,923,898.29)
Finance costs		(662,690.06)	(894,725.61)	(628,237.16)	(844,361.65)
Profit before income tax		49,965,794.79	112,028,208.76	33,789,877.08	94,528,256.75
Income tax expenses	18	(4,924,325.84)	(6,953,867.17)	(1,812,592.61)	(3,478,071.06)
Profit for the year from continuing operations		45,041,468.95	105,074,341.59	31,977,284.47	91,050,185.69
Loss for the year from discontinued operations	8.2	(916,755.12)	(2,601,676.95)	0.00	0.00
Profit for the year		44,124,713.83	102,472,664.64	31,977,284.47	91,050,185.69
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains (losses) on defined employee benefit obligations	14	943,655.00	(568,663.00)	873,491.00	(605,611.58)
Total comprehensive income for the year		45,068,368.83	101,904,001.64	32,850,775.47	90,444,574.11
Profit (loss) attributable to :					
Owners of the Company					
Profit for the year from continuing operations		45,040,255.12	105,072,939.17	31,977,284.47	91,050,185.69
Loss for the year from discontinued operations		(467,453.44)	(1,326,595.08)	0.00	0.00
Total		44,572,801.68	103,746,344.09	31,977,284.47	91,050,185.69
Non-controlling interests					
Profit for the year from continuing operations		1,213.83	1,402.42	0.00	0.00
Loss for the year from discontinued operations		(449,301.68)	(1,275,081.87)	0.00	0.00
Total		(448,087.85)	(1,273,679.45)	0.00	0.00
Grand total		44,124,713.83	102,472,664.64	31,977,284.47	91,050,185.69

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Total comprehensive income attributable to :					
Owners of the Company					
Profit for the year from continuing operations		45,983,903.10	104,504,276.17	32,850,775.47	90,444,574.11
Loss for the year from discontinued operations		(467,453.44)	(1,326,595.08)	0.00	0.00
Total		<u>45,516,449.66</u>	<u>103,177,681.09</u>	<u>32,850,775.47</u>	<u>90,444,574.11</u>
Non-controlling interests					
Profit for the year from continuing operations		1,220.85	1,402.42	0.00	0.00
Loss for the year from discontinued operations		(449,301.68)	(1,275,081.87)	0.00	0.00
Total		<u>(448,080.83)</u>	<u>(1,273,679.45)</u>	<u>0.00</u>	<u>0.00</u>
Grand total		<u><u>45,068,368.83</u></u>	<u><u>101,904,001.64</u></u>	<u><u>32,850,775.47</u></u>	<u><u>90,444,574.11</u></u>
Earnings per share					
Basic earnings per share					
Profit for the year from continuing operations		0.46	1.07	0.32	0.92
Loss for the year from discontinued operations		(0.00)	(0.01)	0.00	0.00
Total		<u>0.45</u>	<u>1.05</u>	<u>0.32</u>	<u>0.92</u>
Weighted average number of common shares		98,568,485	98,455,100	98,568,485	98,455,100

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated financial statements (Baht)

Note	Owners of the Company							Non-controlling interests	Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve		Retained earnings		Total owners of the Company		
			Appropriated	Unappropriated	Appropriated	Unappropriated			
Balance as at December 31, 2014	98,127,390.00	73,093,575.00	4,296,130.00	10,000,000.00	230,639,446.79	416,156,541.79	1,816,156.34	417,972,698.13	
Changes in shareholders' equity for the year:									
Common shares	0.00	0.00	0.00	0.00	0.00	0.00	315.00	315.00	
Common shares exercised from warrants	441,095.00	2,081,968.40	0.00	0.00	0.00	2,523,063.40	0.00	2,523,063.40	
Share-based payment	0.00	0.00	(230,941.97)	0.00	0.00	(230,941.97)	0.00	(230,941.97)	
Dividend paid	0.00	0.00	0.00	0.00	(49,253,845.00)	(49,253,845.00)	0.00	(49,253,845.00)	
Interim dividend paid	0.00	0.00	0.00	0.00	(24,636,786.25)	(24,636,786.25)	0.00	(24,636,786.25)	
Profit (loss) for the year	0.00	0.00	0.00	0.00	103,746,344.09	103,746,344.09	(1,273,679.45)	102,472,664.64	
Total comprehensive income for the year	0.00	0.00	0.00	0.00	(568,663.00)	(568,663.00)	0.00	(568,663.00)	
Balance as at December 31, 2015	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	259,926,496.63	447,733,713.06	542,791.89	448,278,504.95	
Changes in shareholders' equity for the year:									
Dividend paid	0.00	0.00	0.00	0.00	(39,427,394.00)	(39,427,394.00)	0.00	(39,427,394.00)	
Interim dividend paid	0.00	0.00	0.00	0.00	(9,856,848.50)	(9,856,848.50)	0.00	(9,856,848.50)	
Dissolution of subsidiary	0.00	0.00	0.00	0.00	0.00	0.00	(90,368.75)	(90,368.75)	
Profit (loss) for the year	0.00	0.00	0.00	0.00	44,572,801.68	44,572,801.68	(448,087.85)	44,124,713.83	
Total comprehensive income for the year	0.00	0.00	0.00	0.00	943,644.29	943,644.29	10.71	943,655.00	
Balance as at December 31, 2016	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	256,158,700.10	443,967,916.53	4,346.00	443,972,262.53	

Notes to financial statements are parts of these financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2016

Note	Separate financial statements (Baht)							Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Equity-settled share-based payment reserve	Retained earnings		Total		
				Appropriated	Unappropriated			
Balance as at December 31, 2014	98,127,390.00	73,093,575.00	4,296,130.00	10,000,000.00	218,624,842.35	404,141,937.35		
Changes in shareholders' equity for the year:								
Common shares exercised from warrants	441,095.00	2,081,968.40	0.00	0.00	0.00	2,523,063.40		
Share-based payment	0.00	0.00	(230,941.97)	0.00	0.00	(230,941.97)		
Dividend paid	0.00	0.00	0.00	0.00	(49,253,845.00)	(49,253,845.00)		
Interim dividend paid	0.00	0.00	0.00	0.00	(24,636,786.25)	(24,636,786.25)		
Profit for the year	0.00	0.00	0.00	0.00	91,050,185.69	91,050,185.69		
Total comprehensive income for the year	0.00	0.00	0.00	0.00	(605,611.58)	(605,611.58)		
Balance as at December 31, 2015	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	235,178,785.21	422,988,001.64		
Changes in shareholders' equity for the year:								
Dividend paid	0.00	0.00	0.00	0.00	(39,427,394.00)	(39,427,394.00)		
Interim dividend paid	0.00	0.00	0.00	0.00	(9,856,848.50)	(9,856,848.50)		
Profit for the year	0.00	0.00	0.00	0.00	31,977,284.47	31,977,284.47		
Total comprehensive income for the year	0.00	0.00	0.00	0.00	873,491.00	873,491.00		
Balance as at December 31, 2016	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	218,745,318.18	406,554,534.61		

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before income tax	49,965,794.79	112,028,208.76	33,789,877.08	94,528,256.75
Loss from discontinued operations	(916,755.12)	(2,578,908.42)	0.00	0.00
Adjustments				
Unrealized gain on changes in investment valuation	(184,345.45)	(660,032.39)	(2,794.52)	(518,872.99)
Unrealized gain on exchange rate	(4,367.08)	(180,260.67)	(4,367.08)	(10,741.26)
Doubtful accounts	2,877,723.99	1,444,244.75	2,877,723.99	0.00
Reversed doubtful accounts	0.00	0.00	0.00	(212,659.77)
Decrease in unbilled service income	6,234,406.26	10,093,697.80	5,136,731.26	10,358,822.80
Loss on sale of investment in subsidiary	0.00	0.00	925,804.76	0.00
Depreciation	30,882,558.42	29,738,091.25	30,323,166.03	29,126,081.54
(Gain) Loss on disposal of fixed assets	130,658.67	(3,799,059.27)	134,819.94	(3,799,059.27)
Reversed loss on impairment of assets	(10,067.35)	(2,267.58)	(10,067.35)	(2,267.58)
Amortized intangible assets	299,411.47	531,070.66	299,411.47	531,070.66
Write off income tax deducted at source	322,671.53	978.61	322,671.53	0.00
Employee benefits	1,182,105.75	1,261,938.02	1,286,930.75	1,048,669.45
Interest expenses	662,690.06	894,725.61	628,237.16	844,361.65
	<u>91,442,485.94</u>	<u>148,772,427.13</u>	<u>75,708,145.02</u>	<u>131,893,661.98</u>
(Increase) Decrease in portion of operating assets				
Trade and other receivables	3,717,295.59	11,188,036.94	(3,690,854.51)	18,344,243.03
Inventories	5,816,190.64	(2,896,846.51)	5,100,621.23	(1,916,672.64)
Intangible assets	0.00	(535,100.00)	0.00	(535,100.00)
Other non-current assets	(92,473.11)	163,919.58	(92,473.11)	463,419.58
Increase (Decrease) in portion of operating liabilities				
Trade and other payables	(21,940,319.14)	(3,992,820.41)	(15,871,489.52)	(8,840,104.23)
Employee benefits obligation	(5,122,000.00)	0.00	(5,122,000.00)	0.00
Cash generated (paid) from operation	<u>73,821,179.92</u>	<u>152,699,616.73</u>	<u>56,031,949.11</u>	<u>139,409,447.72</u>
Interest paid	(312,496.81)	(382,992.61)	(278,935.91)	(336,892.65)
Income tax received (paid)	(3,396,687.51)	(8,076,559.25)	1,078,447.84	(6,249,247.24)
<b>Net cash provided by (used in) operating activities</b>	<u>70,111,995.60</u>	<u>144,240,064.87</u>	<u>56,831,461.04</u>	<u>132,823,307.83</u>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
(Increase) Decrease in current investment	65,861,518.22	(24,443,042.07)	80,866,518.22	(15,043,042.07)
Decrease in short-term loans	0.00	0.00	0.00	1,000,000.00
Payments for acquire of ordinary share of subsidiary	0.00	0.00	0.00	(5,249,685.00)
(Increase) Decrease in pledged bank deposit	356,105.48	(11,466,273.00)	(806,644.52)	(9,872,023.00)
Proceeds from sales of fixed assets	10,300.00	14,942,823.23	0.00	14,942,823.23
Payments for fixed assets acquisition	(67,318,004.31)	(47,846,734.13)	(66,691,247.36)	(47,305,967.69)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,090,080.61)</b>	<b>(68,813,225.97)</b>	<b>13,368,626.34</b>	<b>(61,527,894.53)</b>
<b>Cash flows from financing activities</b>				
Decrease in financial lease liabilities	(4,371,809.29)	(4,463,591.80)	(4,001,006.19)	(4,125,610.76)
Dividend paid	(49,284,242.50)	(73,890,631.25)	(49,284,242.50)	(73,890,631.25)
Proceeds from exercised of warrants to purchase ordinary shares	0.00	2,523,063.40	0.00	2,523,063.40
Proceeds from non-controlling interests	0.00	315.00	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(53,656,051.79)</b>	<b>(75,830,844.65)</b>	<b>(53,285,248.69)</b>	<b>(75,493,178.61)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,365,863.20</b>	<b>(404,005.75)</b>	<b>16,914,838.69</b>	<b>(4,197,765.31)</b>
<b>Cash and cash equivalents as at January 1</b>	<b>27,623,950.41</b>	<b>28,027,956.16</b>	<b>20,734,312.57</b>	<b>24,932,077.88</b>
<b>Cash and cash equivalents as at December 31</b>	<b>42,989,813.61</b>	<b>27,623,950.41</b>	<b>37,649,151.26</b>	<b>20,734,312.57</b>

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

**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, 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 FINANCIAL STATEMENTS BASIS**

- 2.1 The financial statements have been prepared in conformity with Financial Reporting Standards, 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 September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 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.

## 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 committee and financial reporting interpretations committee which are effective for the financial statements beginning on or after January 1, 2016 as detailed below:

### Contents

#### Accounting Standards

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements



Contents

Accounting Standards

TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture

Financial Reporting Standards

TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement

Contents

Standing Interpretations Committee

TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs

Financial Reporting Interpretations Committee

TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes

Contents

Financial Reporting Interpretations Committee

TFRIC 14 (revised 2015)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2015) <i>Employee Benefits</i>
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

During the year, the Company has adopted the revised and new financial reporting standards and accounting guidance issued by the Federation of Accounting Professions. From aforementioned adoption, these financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company.

2.3 Financial Reporting Standards issued and revised which will be effective in the future

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the financial statements for the periods beginning on or after January 1, 2017 onwards, as follows:

Contents

Accounting Standards

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows

Contents

Accounting Standards

TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets

Contents

Accounting Standards

TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Financial Reporting Standards

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Accounting Standard Interpretations

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes-Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease

Contents

Accounting Standard Interpretations

- TSIC 29 (Revised 2016)      Service Concession Arrangements: Disclosures
- TSIC 31 (Revised 2016)      Revenue-Barter Transactions Involving Advertising Services
- TSIC 32 (Revised 2016)      Intangible Assets-Web Site Costs

Financial Reporting Standard Interpretations

- TFRIC 1 (Revised 2016)      Changes in Existing Decommissioning, Restoration and Similar Liabilities
- TFRIC 4 (Revised 2016)      Determining whether an Arrangement contains a Lease
- TFRIC 5 (Revised 2016)      Rights to Interests arising from Decommissioning, Restoration and  
Environmental Rehabilitation Funds
- TFRIC 7 (Revised 2016)      Applying the Restatement Approach under TAS 29 (Revised 2016)

*Financial Reporting in Hyperinflationary Economies*

- TFRIC 10 (Revised 2016)      Interim Financial Reporting and Impairment
- TFRIC 12 (Revised 2016)      Service Concession Arrangements
- TFRIC 13 (Revised 2016)      Customer Loyalty Programmes
- TFRIC 14 (Revised 2016)      The Limit on a Defined Benefit Asset, Minimum Funding Requirements  
and their Interaction, TAS 19 (Revised 2016) *Employee Benefits*
- TFRIC 15 (Revised 2016)      Agreements for the Construction of Real Estate
- TFRIC 17 (Revised 2016)      Distributions of Non-cash Assets to Owners
- TFRIC 18 (Revised 2016)      Transfers of Assets from Customers

Contents

Financial Reporting Standard Interpretations

TFRIC 20 (Revised 2016) Stripping Costs in the Production Phase of a Surface Mine

TFRIC 21 (Revised 2016) Levies

The Company still has not a plan to adopt such financial reporting standards early application and expected that they will have no material impacts on the financial statements in the year in which they are applied.

**3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS**

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

	Percentage of investment %		Type of business
	2016	2015	
QLT International Limited	99.99	99.99	Providing engineering services in both Thailand and overseas and engage in relevant business
Qualitech Myanmar Limited	0.00	50.99	Providing safety engineering services in Myanmar and engage in relevant business

3.2 The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

3.3 The balance of accounts and transactions between Qualitech Public Company Limited and subsidiaries, unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

3.4 On December 9, 2016, the Company has disposed total ordinary shares of Qualitech Myanmar Limited since such company has registered to dissolve its business already (note 8.2).

#### 4. SUMMARY 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 and subsidiaries 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 and subsidiaries recognize 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 and subsidiaries 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 and subsidiaries control, may affect the progress and estimated cost of completion. These factors had impact on revenues recognition. The Company and subsidiaries routinely review estimates related to contracts when the total contract costs indicates exceeding contract revenues, the Company and subsidiaries 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 the maturity is less than three months from the deposit date and without restriction on withdrawal.

##### 4.3 Investments

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

##### 4.4 Trade and Other Receivables

Trade and other receivables are stated at the rights to receive amount / invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

##### 4.5 Inventory

Supplies are valued at the lower of cost on a first - in first - out (FIFO) basis or net realizable value.



#### 4.6 Property, Plant and Equipment

4.6.1 Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Cost of assets including the dismantlement, removal and restoration the site on which it is located, the obligation for which the Company incurs.

4.6.2 Building and equipment are depreciation on a straight-line basis over the estimated useful lives of the assets, and the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are as follows :

	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 Intangible Assets

Intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any). Amortization is determined on a straight-line basis 10 years.

#### 4.8 Impairment of Assets

The Company and subsidiaries have considered the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company and subsidiaries will consider the impairment for each asset item or each assets unit generating cash flows, whichever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of comprehensive income for the period. The Company and subsidiaries will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

#### 4.9 Transactions in Foreign Currencies

The Company and subsidiaries record their transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same date.

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

#### 4.10 Financial Instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade accounts receivable, other receivables, trade accounts payable, other payables and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

#### 4.11 Long-Term Lease Agreement

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

#### 4.12 Employee Benefits

##### 4.12.1 Provident Fund

The Company and subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

##### 4.12.2 Post-Employee Benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method of which calculated by the Independent Actuary by using Actuarial Technique. The calculation was made from determining the present value of future cash flows expected to be required to settle and determines discount rate by reference to market yield of government bonds should have terms to maturity approximately equal to the terms of such obligations. In determine the future cash flows expected to be required to settle is used from employees' salaries, turnover, length of services and other factors. Changes in actuarial gains or losses are recognized in the period in which they are incurred in other comprehensive income. Expenses related to employee benefits shall be recorded in profit or loss for sharing such expenses throughout the period of services rendering.

#### 4.13 Income Tax and Deferred tax

1. Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income
  - Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
  - Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.

2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.
4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
5. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.14 Provisions

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company and subsidiaries settle the obligation. The amount recognized should not exceed the amount of the provision.

#### 4.15 Measurement of fair values

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3 : inputs are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### 4.16 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Allowance for diminution in value of inventory**

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

**Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 4.17 Earnings per Share

Basic earnings per share is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit (loss) for the year by the weighted average of common share issued during the year added by the number of common shares issued for offering to warrant holders of the Company.

### 5. ADDITION DISCLOSURE OF STATEMENTS OF CASH FLOWS

#### 5.1- Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Cash	766,266.85	467,682.13	726,266.85	321,939.47
Cash at bank - current accounts	34,000.00	34,000.00	34,000.00	34,000.00
Cash at bank - savings deposit	42,189,546.76	27,122,268.28	36,888,884.41	20,378,373.10
Total	42,989,813.61	27,623,950.41	37,649,151.26	20,734,312.57

#### 5.2 Non-cash transaction

##### For the year 2016

##### Parent company

1) The Company entered into hire purchase vehicles agreement of Baht 1.97 million which was already made the initial installment in the amount of Baht 0.53 million. The remaining is presented as financial lease liabilities.

2) The Company has the outstanding for fixed assets acquisition amount of Baht 3.14 million which is presented as other payables.

##### Subsidiary

The subsidiary has the outstanding for fixed assets acquisition amount of Baht 0.83 million which is presented as other payables.

For the year 2015

Parent company

The Company entered into hire purchase vehicles agreement of Baht 6.98 million which was already made the initial installment in the amount of Baht 1.75 million. The remaining is presented as financial lease liabilities.

Subsidiary

The subsidiary entered into hire purchase vehicles agreement of Baht 1.20 million which was already made the initial installment in the amount of Baht 0.30 million. The remaining is presented as financial lease liabilities.

**6. CURRENT INVESTMENT**

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2016	2015	2016	2015
Investment in open-end fund :-				
KTPLUS	15,002,794.52	0.00	15,002,794.52	0.00
Aberdeen Cash Creation Fund	30,744,702.22	15,563,187.99	0.00	0.00
K-CBOND	5,036.70	0.00	0.00	0.00
KT-ST	0.00	30,518,619.59	0.00	30,518,619.59
T-TSARN	0.00	30,268,501.87	0.00	30,268,501.87
T-TSB	0.00	15,098,203.35	0.00	15,098,203.35
TMBABF	0.00	19,996,659.32	0.00	19,996,659.32
Total investment in				
open-end fund	45,752,533.44	111,445,172.12	15,002,794.52	95,881,984.13
Cash at bank-fixed deposit 6 months	1,489,034.03	1,473,568.12	1,489,034.03	1,473,568.12
Total	<u>47,241,567.47</u>	<u>112,918,740.24</u>	<u>16,491,828.55</u>	<u>97,355,552.25</u>

Such fund invested in debt securities which had minimal risk.



**7. TRADE AND OTHER RECEIVABLES**

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2016	2015	2016	2015
Trade accounts receivable	106,263,491.98	110,343,110.28	104,193,136.57	98,823,338.81
Other receivables	8,780,008.44	10,727,057.55	8,450,625.66	10,031,306.59
<b>Total</b>	<b>115,043,500.42</b>	<b>121,070,167.83</b>	<b>112,643,762.23</b>	<b>108,854,645.40</b>
Less Allowance for doubtful accounts				
- Trade accounts receivable	(16,578,074.93)	(15,357,255.46)	(16,578,074.93)	(13,700,350.94)
<b>Net</b>	<b>98,465,425.49</b>	<b>105,712,912.37</b>	<b>96,065,687.30</b>	<b>95,154,294.46</b>

Billed trade accounts receivable separated on aging are as follows :

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2016	2015	2016	2015
Undue trade accounts receivable	62,711,873.99	45,909,563.63	60,641,518.58	37,725,061.13
Overdue trade accounts receivable				
- Less than 3 months	25,696,963.97	44,692,415.15	25,696,963.97	44,563,495.15
- Over 3 months to 6 months	1,338,749.53	819,867.00	1,338,749.53	819,867.00
- Over 6 months to 9 months	163,624.40	2,791,185.00	163,624.40	2,791,185.00
- Over 9 months to 12 months	936,417.67	3,304,884.48	936,417.67	98,535.51
- Over 12 months	15,415,862.42	12,825,195.02	15,415,862.42	12,825,195.02
<b>Total</b>	<b>106,263,491.98</b>	<b>110,343,110.28</b>	<b>104,193,136.57</b>	<b>98,823,338.81</b>

8. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital (Baht)		Percentage of shareholding		Separate financial statements (Baht)	
			2016	2015	2016	2015	2016	2015
QLT International Limited	Providing engineering services in both Thailand and overseas	The Company held 99.99% share capital, director and management	10,250,000.00	10,250,000.00	99.99	99.99	10,249,385.00	10,249,385.00
Qualitech Myanmar Limited	and engage in relevant business	have common-shareholding						
	Security engineering services in Myanmar	The Company held 50.99% share capital, director and management	2,000,000.00	2,000,000.00	0.00	50.99	0.00	1,019,700.00
	and engage in relevant business	have common-shareholding						
	<b>Total</b>						<b>10,249,385.00</b>	<b>11,269,085.00</b>

8.1 The financial statements for the year ended December 31, 2016 and 2015 of above subsidiaries have been taken for preparing the consolidated financial statements were audited by the auditor.

8.2 On December 9, 2016, the Company has disposed total ordinary shares of Qualitech Myanmar Limited since such company has already registered to dissolve its business with the Ministry of Commerce.

The financial statements of Qualitech Myanmar Limited as at disposal date are detailed as follows :

	<b>Consolidated financial statements (Baht)</b>
<b>Assets</b>	
Cash and cash equivalents	350,492.12
<b>Liabilities</b>	
Other payables	(166,329.64)
	<u>184,162.48</u>
Percentage of investment	<u>50.99</u>
Net assets in percentage of investment	93,895.24
Selling price of investment	(93,895.24)
(Gain) Loss on disposal of investments	<u>0.00</u>
	<u>0.00</u>
	<b>Separate financial statements (Baht)</b>
Investment in subsidiaries	1,019,700.00
Selling price of investment	(93,895.24)
Loss on disposal of investments	<u>925,804.76</u>

The result of operations of Qualitech Myanmar Limited as discontinued operations until disposal date are included in the consolidated financial statements as detailed following :

	<b>Consolidated financial statements (Baht)</b>	
	<b>2016</b>	<b>2015</b>
Services income	115,221.00	1,716,981.30
Cost of services	(214,096.21)	(1,091,456.50)
Gross profit (loss)	(98,875.21)	625,524.80
Other income	21,010.29	412,715.19
Administrative expenses	(822,153.90)	(3,498,052.48)
Finance costs	(16,736.30)	(119,095.93)
Loss before income tax	(916,755.12)	(2,578,908.42)
Income tax expenses	0.00	(22,768.53)
Loss for the year	<u>(916,755.12)</u>	<u>(2,601,676.95)</u>
Loss attributable to :		
Non-controlling interests	(449,301.68)	(1,275,081.87)
Owners of the Company	(467,453.44)	(1,326,595.08)

Statements of cash flows of Qualitech Myanmar Limited as at disposal date are detailed as follows :

	<b>2016 (Baht)</b>
Net cash provided by (used in) operating activities	(543,241.25)
Net cash provided by (used in) investing activities	46,471.72
Net cash provided by (used in) financing activities	0.00
Net increase (decrease) in cash and cash equivalents	(496,769.53)
Cash and cash equivalents at the beginning period	847,261.65
Cash and cash equivalents at the end of period	<u>350,492.12</u>

## 9. PLEDGED BANK DEPOSIT

As at December 31, 2016 and 2015, the Company has deposits at a bank amount of Baht 30.31 million and Baht 30.67 million in the consolidated financial statements and Baht 29.88 million and Baht 29.08 million in the separate financial statements respectively which are mortgaged as collateral against contingent liabilities from bank's issuance of letter of guarantee (note 26).

10. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Bahi)

	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2014	35,080,000.00	33,062,717.99	11,050,084.70	8,241,271.28	148,302,673.61	12,877,732.16	1,291,122.36	53,136,140.91	2,337,685.69	305,379,428.70
Acquisition	21,425,000.00	0.00	0.00	569,460.14	20,233,185.45	1,367,123.99	0.00	8,206,371.03	2,665,670.00	54,466,810.61
Disposal	(11,000,000.00)	0.00	0.00	(159,528.05)	(14,315,572.06)	(419,613.11)	0.00	(3,594,875.14)	0.00	(29,489,588.36)
Transfer to intangible assets	0.00	0.00	0.00	0.00	0.00	(129,410.00)	0.00	0.00	(2,329,607.50)	(2,459,017.50)
As at December 31, 2015	45,505,000.00	33,062,717.99	11,050,084.70	8,651,203.37	154,220,287.00	13,695,833.04	1,291,122.36	57,747,636.80	2,673,748.19	327,897,633.45
Acquisition	250,000.00	23,789,140.53	6,578,756.00	1,989,139.55	33,297,449.45	2,605,105.75	358,686.00	3,104,200.00	0.00	71,972,477.28
Disposal	0.00	0.00	0.00	(162,878.24)	(7,615,320.49)	(564,747.20)	0.00	(318,074.21)	(21,287.19)	(8,682,307.33)
Inter-transaction transfer	2,130,000.00	0.00	516,799.00	5,662.00	0.00	0.00	0.00	0.00	(2,652,461.00)	0.00
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,483,126.68	179,902,415.96	15,736,191.59	1,649,808.36	60,533,762.59	0.00	391,187,803.40
Accumulated depreciation :										
As at December 31, 2014	0.00	8,749,114.93	1,957,472.95	5,214,124.20	97,226,065.18	8,458,992.88	1,291,118.36	26,351,377.63	0.00	149,248,266.13
Depreciation for the year	0.00	1,536,761.09	550,013.95	1,155,418.83	21,178,790.37	2,024,532.78	0.00	3,292,574.23	0.00	29,738,091.25
Depreciation - write off	0.00	0.00	0.00	(105,836.49)	(13,974,170.88)	(675,234.13)	0.00	(3,590,582.90)	0.00	(18,345,824.40)
As at December 31, 2015	0.00	10,285,876.02	2,507,486.90	6,263,706.54	104,430,684.67	9,808,291.53	1,291,118.36	26,053,368.96	0.00	160,640,532.98
Depreciation for the year	0.00	1,796,058.00	583,583.17	1,236,371.14	21,298,130.95	2,141,583.40	3,136.04	3,892,586.50	0.00	30,951,449.20
Depreciation - write off	0.00	0.00	0.00	(148,764.95)	(7,447,796.78)	(553,292.02)	0.00	(302,640.24)	0.00	(8,452,493.99)
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,351,312.73	118,281,018.84	11,396,582.91	1,294,254.40	29,643,315.22	0.00	183,139,488.19
Net book value										
As at December 31, 2015	45,505,000.00	22,776,841.97	8,542,597.80	2,387,496.83	49,789,602.33	3,887,541.51	4.00	31,694,267.84	2,673,748.19	167,257,100.47
As at December 31, 2016	47,885,000.00	44,769,924.50	15,054,569.63	3,131,813.95	61,621,397.12	4,339,608.68	355,553.96	30,890,447.37	0.00	208,048,315.21

10. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Separate financial statements (Baht)

	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2014	35,080,000.00	33,062,717.99	11,050,084.70	8,198,311.47	147,864,709.96	12,290,101.90	1,291,122.36	52,057,140.91	2,337,685.69	303,231,874.98
Acquisition	21,425,000.00	0.00	0.00	507,997.44	19,793,085.45	1,332,320.25	0.00	7,003,971.03	2,665,670.00	52,728,044.17
Disposal	(11,000,000.00)	0.00	0.00	(159,528.05)	(14,315,572.06)	(419,613.11)	0.00	(3,594,875.14)	0.00	(29,489,588.36)
Transfer to intangible assets	0.00	0.00	0.00	0.00	0.00	(129,410.00)	0.00	0.00	(2,329,607.50)	(2,459,017.50)
As at December 31, 2015	45,505,000.00	33,062,717.99	11,050,084.70	8,546,780.86	153,342,223.35	13,073,399.04	1,291,122.36	55,466,236.80	2,673,748.19	324,011,313.29
Acquisition	250,000.00	23,789,140.53	6,578,756.00	1,881,687.52	31,985,676.27	2,412,301.26	358,686.00	3,104,200.00	0.00	70,360,447.58
Disposal	0.00	0.00	0.00	(148,740.20)	(7,475,180.44)	(527,262.44)	0.00	(318,074.21)	(21,287.19)	(8,490,544.48)
Inter-transaction transfer	2,130,000.00	0.00	516,799.00	5,662.00	0.00	0.00	0.00	0.00	(2,652,461.00)	0.00
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,285,390.18	177,852,719.18	14,958,437.86	1,649,808.36	58,252,362.59	0.00	385,881,216.39
Accumulated depreciation :										
As at December 31, 2014	0.00	8,749,114.93	1,957,472.95	5,210,089.59	97,127,549.25	8,265,424.63	1,291,118.36	26,165,779.27	0.00	148,766,548.98
Depreciation for the year	0.00	1,536,761.09	550,013.95	1,136,819.59	21,015,109.46	1,836,476.44	0.00	3,050,901.01	0.00	29,126,081.54
Depreciation - write off	0.00	0.00	0.00	(105,836.49)	(13,974,170.88)	(675,234.13)	0.00	(3,590,582.90)	0.00	(18,345,824.40)
As at December 31, 2015	0.00	10,285,876.02	2,507,486.90	6,241,072.69	104,168,487.83	9,426,666.94	1,291,118.36	25,626,097.38	0.00	159,546,806.12
Depreciation for the year	0.00	1,796,058.00	583,583.17	1,212,961.43	21,090,922.39	1,988,059.49	3,136.04	3,648,445.51	0.00	30,323,166.03
Depreciation - write off	0.00	0.00	0.00	(144,499.51)	(7,387,686.66)	(520,898.13)	0.00	(302,640.24)	0.00	(8,355,724.54)
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,309,534.61	117,871,723.56	10,893,828.30	1,294,254.40	28,971,902.65	0.00	181,514,247.61
Net book value										
As at December 31, 2015	45,505,000.00	22,776,841.97	8,542,597.80	2,305,708.17	49,173,735.52	3,646,732.10	4.00	29,840,139.42	2,673,748.19	164,464,507.17
As at December 31, 2016	47,885,000.00	44,769,924.50	15,054,569.63	2,975,855.57	59,980,995.62	4,064,609.56	355,553.96	29,280,459.94	0.00	204,366,968.78

10.1 Tools and technical equipment as at December 31, 2016 and 2015 are as follows :

10.1.1 Tools and technical equipment as at December 31, 2016

(Unit : Baht)

<b>Assets acquired</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net cost</b>
Depreciation by straight-line method			
- Before October 23, 1999	1,471,540.39	(1,471,499.39)	41.00
- 2004 until present	78,145,620.92	(40,701,730.96)	37,443,889.96
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	3,251,161.75	(3,251,102.75)	59.00
- 2006 until present	94,984,396.12	(72,447,390.46)	22,537,005.66
Total	<u>177,852,719.18</u>	<u>(117,871,723.56)</u>	<u>59,980,995.62</u>

10.1.2 Tools and technical equipment as at December 31, 2015

(Unit : Baht)

<b>Assets acquired</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net cost</b>
Depreciation by straight-line method			
- Before October 23, 1999	1,491,340.39	(1,491,297.39)	43.00
- 2004 until present	54,930,998.85	(34,612,190.17)	20,318,808.68
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	3,623,327.17	(3,623,258.17)	69.00
- 2006 until present	93,296,556.94	(64,441,742.10)	28,854,814.84
Total	<u>153,342,223.35</u>	<u>(104,168,487.83)</u>	<u>49,173,735.52</u>

Depreciation for the year ended December 31, 2016 and 2015 were Baht 21.09 million and Baht 21.02 million respectively.

10.2 As at December 31, 2016, land and building at cost of Baht 36.42 million in the consolidated and separate financial statements are mortgaged as collateral against overdrafts line amount of Baht 30 million and letter of guarantee line amount of Baht 30 million.

### 11. OTHER NON-CURRENT ASSETS

	Consolidated and Separate financial statements (Baht)	
	2016	2015
Deposit receivable under contract	4,146,214.91	4,043,674.99
Others	1,747.34	11,814.15
Total	4,147,962.25	4,055,489.14
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Provision for impairment of assets	(1,746.80)	(11,814.15)
Net	523,651.38	421,110.92

### 12. TRADE AND OTHER PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade accounts payable	9,464,576.13	15,791,741.98	16,394,804.92	19,681,772.38
Other payables				
Accrued expenses	22,828,581.51	39,452,950.51	20,495,278.59	34,204,093.37
Assets payables	3,964,651.62	912,424.10	3,137,124.32	912,424.10
Others	5,148,803.74	4,137,588.03	5,105,227.25	3,980,934.53
Total	41,406,613.00	60,294,704.62	45,132,435.08	58,779,224.38

### 13. FINANCIAL LEASE LIABILITIES

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Hire purchase payable	6,734,938.53	9,662,247.82	6,142,758.60	8,699,264.79
Less Current portion of long-term liabilities	(3,111,848.51)	(4,328,424.67)	(2,778,443.77)	(3,957,582.33)
Net	3,623,090.02	5,333,823.15	3,364,314.83	4,741,682.46



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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Vehicles	20,366,000.00	24,843,000.00	18,389,000.00	22,866,000.00

13.3 The minimum amounts to be paid under financial lease are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Within 1 year	3,225,251.00	4,640,947.00	2,874,543.00	4,236,583.00
Over 1 year less than 3 years	3,522,383.00	4,710,885.00	3,258,704.00	4,116,781.00
Over 3 years less than 5 years	350,854.00	854,113.00	350,854.00	833,830.00
Total	7,098,488.00	10,205,945.00	6,484,101.00	9,187,194.00
Less Future interest expenses				
of financial lease	(363,549.47)	(543,697.18)	(341,342.40)	(487,929.21)
Present value of financial				
lease liabilities	6,734,938.53	9,662,247.82	6,142,758.60	8,699,264.79

#### 14. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries had an employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

The defined benefit plans expose the Company and subsidiaries to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follows:

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Present value of obligations	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00

Movement in the present value of the employee benefit obligations

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
As at 1 January	15,366,594.01	12,793,318.02	15,150,642.00	12,757,950.00
Benefits paid	(5,122,000.00)	(14,000.00)	(5,122,000.00)	(14,000.00)
Current service costs and interest	1,532,299.00	2,018,612.99	1,636,232.00	1,801,080.42
Actuarial losses (gains)	(943,655.00)	568,663.00	(873,491.00)	605,611.58
As at 31 December	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00
Expense recognized in profit or loss				

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Current service costs	1,182,105.75	1,492,880.00	1,286,930.75	1,279,611.42
Interest on obligation	350,193.25	511,733.00	349,301.25	507,469.00
Total	1,532,299.00	2,004,613.00	1,636,232.00	1,787,080.42

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

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Cost of services	83,055.42	711,037.74	83,055.42	711,037.74
Administrative expenses	1,099,050.33	781,842.26	1,203,875.33	568,573.68
Finance costs	350,193.25	511,733.00	349,301.25	507,469.00
Total	1,532,299.00	2,004,613.00	1,636,232.00	1,787,080.42

Actuarial losses (gains) recognized in other comprehensive income.

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Included in retained earnings :				
As a January 1	568,663.00	0.00	605,611.58	0.00
Recognized during the year	(943,655.00)	568,663.00	(873,491.00)	605,611.58
As at December 31	(374,992.00)	568,663.00	(267,879.42)	605,611.58

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

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
	2016	2015	2016	2015
Discount rate	2.86	4.00	2.86	4.00
Future salary increases	6.10	6.00	6.10	6.00

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2008 ("TMO08").

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation				
as at 31 December 2016				
Discount rate (0.5% movement)	(886,242.00)	976,466.00	(880,598.00)	969,916.00
Future salary growth				
(0.5% movement)	982,780.00	(900,799.00)	976,374.00	(895,215.00)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 15. SHARE CAPITAL

According to the annual general shareholders' meeting for the year 2016 held on April 21, 2016, the shareholders passed the resolution to decrease the registered shares capital from Baht 99 million to Baht 98.57 million by deducting unissued 0.43 million shares at par value of Baht 1 each, the Company registered the decrease share capital with the Ministry of Commerce on May 4, 2016.

## 16. 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 share capital. The reserve is not available for dividend distribution.

## 17. RETAINED EARNINGS APPROPRIATION

### For the year 2016

According to the annual general shareholders' meeting for the year 2016 held on April 21, 2016, the shareholders passed the resolution to pay dividend to the shareholders at Baht 0.65 per share, total amount of Baht 64.07 million by making interim dividend payment at Baht 0.25 per share amount of Baht 24.64 million, thus, the remaining annual dividend payment at Baht 0.40 per share for 98.57 million ordinary shares, total amount of Baht 39.43 million. During the year, the Company has fully paid such dividend.

According to the minutes of Board of Directors' meeting No. 5/2016 held on August 9, 2016, passed the resolution to pay dividend from the result of six-months profit for the year 2016 to the shareholders at Baht 0.10 per share total amount of Baht 9.86 million. During the year, the Company has paid such dividend in fully amount.

### For the year 2015

According to the annual general shareholders' meeting for the year 2015 held on April 9, 2015, the shareholders passed the resolution to pay dividend to the shareholders at Baht 0.70 per share, total amount of Baht 68.63 million by making interim dividend payment at Baht 0.20 per share for 96.90 million ordinary shares, total amount of Baht 19.38 million, thus, the remaining annual dividend payment at Baht 0.50 per share for 98.51 million ordinary shares, total amount of Baht 49.25 million. During the year, the Company has paid such dividend in fully amount.

According to the minutes of Board of Directors' meeting No. 6/2015 held on August 8, 2015, passed the resolution to pay dividend from the result of six-months profit for the year 2015 to the shareholders at Baht 0.25 per share total amount of Baht 24.64 million. During the year, the Company has paid such dividend in fully amount.

## 18. INCOME TAX

### 18.1 The calculation of current income taxes

For the year 2016 and 2015, the Company and its subsidiaries calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses for the year and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted profit derived from promoted activities (note 23).

### 18.2 Income tax recognized in profit or loss

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Current income tax</b>				
For the current year	4,924,325.84	6,953,867.17	1,812,592.61	3,478,071.06
<b>Deferred tax</b>				
Changes in temporary differences	0.00	0.00	0.00	0.00
<b>Total income tax</b>	<b>4,924,325.84</b>	<b>6,953,867.17</b>	<b>1,812,592.61</b>	<b>3,478,071.06</b>

As at December 31, 2016 and 2015, allowance for doubtful accounts amount of Baht 16.58 million and Baht 13.70 million respectively are allowance for doubtful accounts of trade accounts receivable granted from promotional investment which have no impacts on deferred tax.

### 18.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Profit before income tax	49,965,794.79	112,028,208.76	33,789,877.08	94,528,256.75
Income tax rate (%)	20	20	20	20
Income tax	9,993,158.95	22,405,641.75	6,757,975.42	18,905,651.35
Prohibited taxable expenses	1,087,181.68	841,873.73	1,086,368.88	534,557.37
Additional taxable expenses	(1,780,172.63)	(485,526.08)	(1,678,710.37)	(485,526.08)
Promoted profit	(4,353,041.31)	(15,639,251.35)	(4,353,041.32)	(15,476,611.58)
Cancel investment promotional privileges	162,380.40	0.00	0.00	0.00
Profit (Loss) for the year				
in subsidiaries	(185,181.25)	(168,870.88)	0.00	0.00
<b>Total income tax</b>	<b>4,924,325.84</b>	<b>6,953,867.17</b>	<b>1,812,592.61</b>	<b>3,478,071.06</b>
<b>Income tax rate (%)</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>4</b>

**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

<b>Name</b>	<b>Relationship</b>	<b>Description</b>	<b>Pricing policy</b>
<b>Related persons</b>			
Mr. Sumet Techachainiran	The Company's director and shareholder	Guarantee	Non-service charge
Ms. Yanakorn Rattakham	The Company's director and shareholder's daughter	Rental	At agreed price
<b>Subsidiary companies</b>			
Qualitech Myanmar Limited	The Company held 50.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - management service fee	At agreed price
		Wages	At agreed price
QLT International Limited	The Company held 99.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - rental	At agreed price
		Income - management service fee	At agreed price
		Wages	At agreed price
		Materials supply	At agreed price
<b>Related company</b>			
Parami Energy Service Co., Ltd.	Director of such company is director and shareholder of subsidiary	Income - wages	At agreed price
		Wages	At agreed price
		Office rental	At agreed price
		Interest expenses	At the rate of 6.75% per annum

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Trade and other receivables</b>				
Qualitech Myanmar Limited	0.00	0.00	0.00	95,497.50
QLT International Limited	0.00	0.00	54,688.00	0.00
Parami Energy Service Co., Ltd.	0.00	3,331,877.55	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>3,331,877.55</b>	<b>54,688.00</b>	<b>95,497.50</b>
<b>Unbilled services income</b>				
Qualitech Myanmar Limited	0.00	0.00	0.00	90,075.00
QLT International Limited	0.00	0.00	37,383.18	161,383.18
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>37,383.18</b>	<b>251,458.18</b>
<b>Trade and other payables</b>				
Ms. Yanakorn Rattakham	44,000.00	0.00	0.00	0.00
QLT International Limited	0.00	0.00	7,632,550.54	8,538,759.54
Parami Energy Service Co., Ltd.	0.00	879,968.75	0.00	0.00
<b>Total</b>	<b>44,000.00</b>	<b>879,968.75</b>	<b>7,632,550.54</b>	<b>8,538,759.54</b>
<b>Short-term loans</b>				
Parami Energy Service Co., Ltd.	0.00	566,465.63	0.00	0.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
<b>Service income - wages</b>				
Qualitech Myanmar Limited	0.00	0.00	0.00	59,186.23
QLT International Limited	0.00	0.00	0.00	160,000.00
Parami Energy Service Co., Ltd.	0.00	1,517,359.90	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>1,517,359.90</b>	<b>0.00</b>	<b>219,186.23</b>

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Other income - rental				
QLT International Limited	0.00	0.00	172,396.26	194,392.54
Other income - management fee				
Qualitech Myanmar Limited	0.00	0.00	0.00	1,039,300.00
QLT International Limited	0.00	0.00	448,598.16	448,598.16
Total	0.00	0.00	448,598.16	1,487,898.16
Other income - tools rental				
Qualitech Myanmar Limited	0.00	0.00	0.00	120,000.00
Other income - interest				
Qualitech Myanmar Limited	0.00	0.00	0.00	56,028.79
Cost of services - wages				
Qualitech Myanmar Limited	0.00	0.00	0.00	225,483.32
QLT International Limited	0.00	0.00	24,155,083.21	21,549,155.10
Parami Energy Service Co., Ltd.	0.00	159,784.00	0.00	0.00
Total	0.00	159,784.00	24,155,083.21	21,774,638.42
Cost of services - material supply				
QLT International Limited	0.00	0.00	2,624,646.00	1,738,292.00
Cost of services - rental				
Ms. Yanakorn Rattakham	40,000.00	0.00	0.00	0.00
Administrative expenses - rental				
Parami Energy Service Co., Ltd.	0.00	199,730.00	0.00	0.00
Finance costs - interest expenses				
Parami Energy Service Co., Ltd.	0.00	63,061.66	0.00	0.00



## 20. DIRECTORS' REMUNERATION

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

## 21. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses relating salaries, remunerations and other benefits paid to the directors and management, in accordance with the definitions of the Office of Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels. Some of management benefit expenses are included in cost of services.

## 22. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Employee benefit expenses	223,303,065.17	225,601,768.99	214,981,957.18	218,336,268.06
Depreciation	30,951,449.20	29,738,091.25	30,323,166.03	29,126,081.54
Supplies used	28,974,120.90	35,909,282.07	28,752,210.22	35,737,072.33
Contractor wage	38,578,720.03	32,869,469.09	55,508,853.24	49,155,258.43
Travelling and accommodation expenses	14,061,492.46	15,072,987.86	12,849,018.06	13,347,066.92
Office expenses	8,989,552.34	7,892,356.28	8,739,410.44	7,644,015.56
Fee and consulting fee	3,722,166.59	5,059,999.32	3,577,706.72	3,447,052.75
Repairs and maintenance expenses	3,898,595.00	3,667,936.57	3,590,033.96	3,625,246.46
Directors' remuneration	2,648,300.00	2,775,000.00	2,648,300.00	2,775,000.00
Management benefit expenses	28,602,025.55	34,855,801.95	26,352,025.55	28,736,801.95

## 23. PROMOTIONAL PRIVILEGES

23.1 The Company and subsidiary were granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 and the Board of Investment approved the activities under six promotion certificate for services providing of testing of welding and metal identification as the scientific testing, the certificate No. 1 dated December 28, 2005, No. 2 dated June 18, 2007, No. 3 dated August 4, 2008, No. 4 dated March 4, 2013, No. 5 dated February 20, 2014 and No. 6 dated June 9, 2016. The significant privileges are as follows:

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

23.1.2 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.

23.1.3 The Company's shareholders will be exempted the corporate income tax for dividend received from the Company all duration of income tax exemption of the Company.

The Company must to comply with the certain conditions and terms as stipulated in promotional certificate.

23.2 On October 7, 2016, a subsidiary made a notice to cancel investment promotion certificate No. 1737(1)/2557 since the services rederring of the Company do not correspond with the apply for investment promotion privileges.

23.3 The results of operation of the Company and subsidiaries for the year ended December 31, 2016 and 2015 separated into promoted business and non-promoted business as follows:

	Consolidated financial statements (Baht)					
	Promoted business		Non-promoted business		Total	
	2016	2015	2016	2015	2016	2015
Services income	304,796,066.40	392,104,183.06	140,979,236.41	116,202,698.89	445,890,523.81	508,306,881.95
Cost of services	(228,001,795.74)	(260,361,907.69)	(95,805,674.85)	(72,310,152.14)	(324,021,566.80)	(332,672,059.83)
Gross profit	76,794,270.66	131,742,275.37	45,173,561.56	43,892,546.75	121,868,957.01	175,634,822.12
Other income	0.00	152,500.07	3,294,844.90	6,844,932.43	3,315,855.19	6,997,432.50
Administrative expenses	(52,392,967.77)	(53,209,036.41)	(22,241,224.50)	(16,500,283.84)	(76,382,252.44)	(69,709,320.25)
Finance costs	(461,314.55)	(690,851.32)	(201,375.51)	(203,874.29)	(679,426.36)	(894,725.61)
Profit before income tax	23,939,988.34	77,994,887.71	26,025,806.45	34,033,321.05	48,123,133.40	112,028,208.76
Income tax expenses	0.00	0.00	(4,924,325.84)	(6,953,867.17)	(4,924,325.84)	(6,953,867.17)
Profit for the year from						
continuing operations	23,939,988.34	77,994,887.71	21,101,480.61	27,079,453.88	43,198,807.56	105,074,341.59

## 24. OPERATING SEGMENTS

24.1 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.

24.2 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.

24.3 Revenues separated by nature of services are as follows:

	Consolidated financial statements	
	(Million Baht)	
	2016	2015
Non-Destructive Testing	175.95	285.92
Inspection and certificate	269.82	224.10

## 25. 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. 4.10.

### 2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. The Company and subsidiaries have policy to hedge this credit risk by reviewing the financial status of customers and collecting based on the percentage of completion. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

### 3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its deposits at bank and financial lease liabilities. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

4) Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents and current investment, trade and other receivables, long-term investments and pledged bank deposits. Financial liabilities shown in statements of financial position consist of trade and other payables, short-term loans and financial lease liabilities.

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

**26. COMMITMENT AND CONTINGENT LIABILITIES**

26.1 The Company and subsidiaries have commitment under purchase and hire agreement with several seller as at December 31, 2016 and 2015 total amount of Baht 12.70 million and Baht 12.60 million in the consolidated financial statements, and Baht 15.23 million and Baht 13.31 million in the separate financial statements respectively.

26.2 The subsidiary has commitment under lease office building agreement as at December 31, 2016 for the amount of Baht 0.48 million.

26.3 The Company and subsidiaries have contingent liabilities from a local bank's issuance of letter of guarantee for the results of work to customers of the Company and guarantee the electricity usage to government agency, as at December 31, 2016 and 2015 total amount of Baht 27.66 million and Baht 26.81 million in the consolidated financial statements, and Baht 27.25 million and Baht 25.22 million in the separate financial statements respectively. Contingent liabilities are guaranteed by bank deposits (note 9).

**27. PROVIDENT FUND**

On February 8, 2006, the Company has joined to be a member of provident fund named "Peum Kuan Mun Kong Registered Provident fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3-9% based on length of works. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

This fund is managed by Kasikorn Thai Assets Management Company Limited. For the year 2016 and 2015, the Company has contribution expenses in the amount of Baht 3.84 million and Baht 3.72 million respectively.

## 28. CAPITAL MANAGEMENT

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and the capital structure to be properly appropriated.

## 29. EVENTS AFTER THE REPORTING PERIOD

29.1 According to the minutes of Board of directors' meeting No. 1/2017 held on January 14, 2017, passed the resolution to submit to the shareholders' general meeting for approval as follows :

- 1) Issue the ESOP-W2 warrants for 4.90 million units at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 7.30 each. The exercise period is 3 years from the date of issuance and offering (in the 1st year can be exercised right not exceed 20% the 2nd year can be exercised right not exceed 70% and the remaining can be exercised in the 3rd year). The exercise right will be made on the 15th of March and September. The first exercise right commenced on September 15, 2018 and the last exercise right is on June 14, 2020.
- 2) Increase the registered share capital for reserve the exercised ESOP-W2 from Baht 98.57 million to Baht 103.47 million by issuing 4.90 million ordinary shares at par value of Baht 1 each.

29.2 On January 27, 2017, the Company has made payment for acquisition of investment in ordinary shares of Qualitech Myanmar Limited in the amount of USD 20,000 (200 ordinary shares at par value of USD 100 each) or equal to the percentage of investment at 80% of the issued and paid-up share capital.

29.3 According to the minutes of Board of directors' meeting No. 2/2017 held on February 18, 2017, passed the resolution to submit to the shareholders' general meeting for approval the dividend payment from profit for the year 2016 to the shareholders at Baht 0.25 per share, amounting to Baht 26.64 million which was already paid interim dividend at Baht 0.10 per share, amounting to Baht 9.86 million, the remaining to be paid at Baht 0.15 per share for 98.57 million shares, totally Baht 14.78 million.

## 30. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 18, 2017.