



**TNDT**

รายงานประจำปี  
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# Annual Report 2019

*Our Efficiency, Ethics, Innovation, Quality and Safety  
you can always rely on.*



[www.tndt.co.th](http://www.tndt.co.th)

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## FINANCIAL POSITION AND OPERATION RESULTS

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# MESSAGE FROM THE CHAIRMAN OF THE BOARD AND MANAGING DIRECTOR

## Dear Shareholders

In 2019, the inspection services industry has gradually recovered. However, the competition was very intense, and the overall economy and industry were still in a synchronized slowdown. Our Company has been working with more projects but with the economic condition, some customers, both large and small, are unable to settle their outstanding accounts as scheduled for the contractual period. Some customers even have to cease their business operation.

Consequently, this situation is at risk of being recorded as doubtful accounts and affecting our financial liquidity in order to carry our ongoing projects and new opportunities, including the preparation of the organization to support the rapid change and fluctuation in technology, innovation, and society which is occurring nowadays and continue into the future. Customer behavior, nowadays, requires more efficiency, agility, convenience, and safety, which inevitably represent that we are going toward an advanced technology era.

All of these are the necessities that we have to overcome the obstacles and recover our stability and sustainability in the near future. The progress of the plans and results of operations are shown as follows:

### 1. The progress of the plans

**1.1 Provide additional assistance and expanding services with advanced technology:** Our innovative project of using the semi-automatic x-ray machine for oil and gas pipeline inspection by non-destructive testing, which was granted by “**Technological Transformation for Financial Support**” from National Innovation Agency (NIA), was used in the Natural Gas Transmission Line Project No. 5, Part 2. This project has the service fee of 52 million baht and started to recognize revenue in the 3<sup>rd</sup> quarter of 2019. The Company also supervised Saraburi - Khon Kaen oil pipeline project which is worth 26 million baht and it will begin to recognize revenue in 2020. Moreover, we may have opportunities to have another 2 new projects.

**1.2 One stop service:** We assist the customers from preparation before testing to maintenance after inspection in order to provide the completed support for the customers.

**1.3 New Service to serve new industry:** Additional services will be implemented in order to support new customers from other industries for hygienic safety and value-added creation in agricultural, medical, and industrial sectors by the use of Electron Beam. These are demanded, and absolutely necessary in the era of globalization as the spreading of various pathogens are gradually increasing, such as the Ebola virus, SARS, and bird flu, including Covid-19 that we are currently locally and globally facing. This project will be located in the area of over 50 rai in Rayong province to function as an operation center, source of learning, and research center to support future innovation development in the Eastern Economic Corridor (EEC). The project has already completed official documents and will begin construction in the first quarter of 2020. The revenue is expected to be recognized within mid-2021.

**1.4 Investment in PT. Thai NDT Indonesia Company Limited (receivable):** The Company is in the process of finding potential approaches to register as a subsidiary in Indonesia. At this point, we are waiting for legal opportunity to complete legal rights. Meanwhile, we are preparing the related documents and reviewing the law circumspectly along with designing a management plan to be consistent with the existing Company's policies. This project is expected to be concluded within 2020, which will be another opportunity to generate more revenue as Indonesia is a large and important market.

**1.5 Solar Rooftop Project:** We have operated two solar rooftop plants and the revenue will be recognized by the second quarter of 2020. There are also opportunities to have other projects which may generate over 10 MW within this year.

**1.6 20 MW Coal-Fired Power Plant Project in Myanmar:** The investment plan for this project will be finalized as soon as possible.

### 2. Turnover

In the Company financial statements, our year-to year comparison has shown that our 2019 revenue was 342.674 million baht which has increased from last year about 26.429 million baht or 8.36 percent. Our gross profit was 109.20 million baht, which representing 31.87 percent of the total revenue and increased up to 37.71 million baht or 52.75 percent. Our net profit is 27.422 million baht, equivalent to 8.00 percent of total revenue, which has increased by 108.672 million baht, representing an increase of 133.75 percent. However, at the end of 2019, the Company has accumulated backlog projects of approximately 250 million baht for 2020.

The Company would like to thank all stakeholders for supporting the above progress. We are highly appreciative to all who care and for the encouragement from the investors who have always followed the move. The Company would also like to express sincere gratitude to all experts who are always there to provide advice; customers and partners who always provide kind support; as well as Company's employees who always devote themselves to work and assist with the organization's activities to be successful. Particularly, we are deeply grateful for the Independent Directors and Board of Directors for all kind counsel with the refraining from accepting compensation. The Chairman, Managing Director, and Executives will always adhere to envision the Company as a sustainable organization.



(Mr. Suwat Dangpibulskul)  
Chairman of the Board



(Miss Chomduen Satavuthi)  
Managing Director

# FINANCIAL SUMMARY

## Financial Statement as of December 31, 2019. [The Company Only]

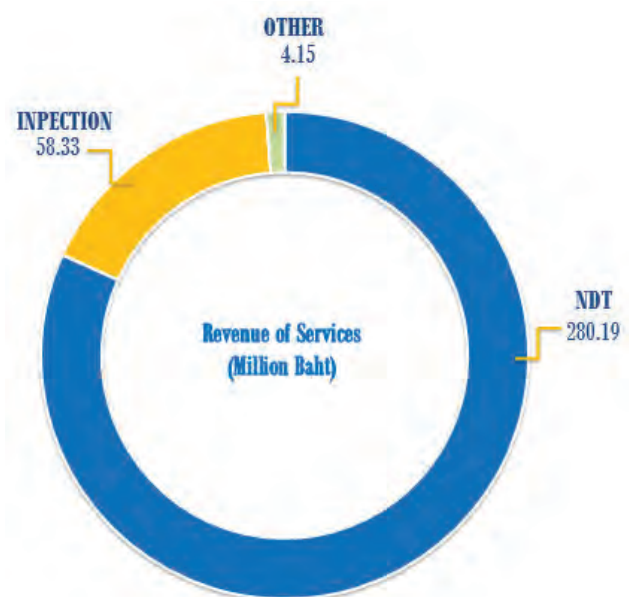
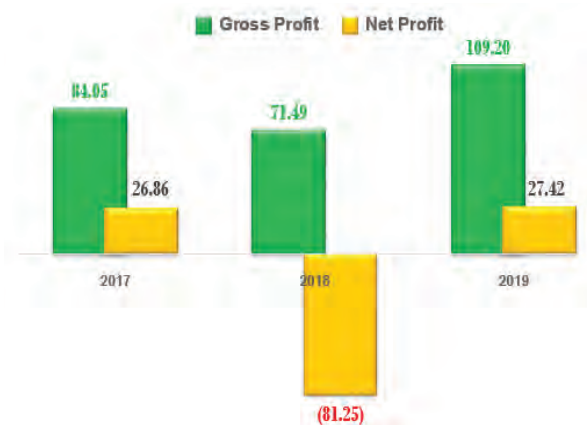
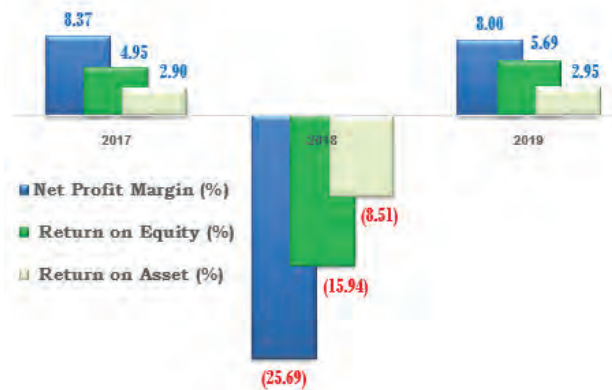
Financial Position / Operating Results (Million Baht)	2017	2018	2019
Total Revenues	321.05	316.25	342.67
Total Cost and Expenses	290.03	392.23	307.46
Gross Profit	84.05	71.49	109.20
Net Profit (Loss)	26.86	(81.25)	27.42
Total Assets	992.01	916.89	940.18
Total Liabilities	441.41	447.77	445.30
Shareholder's Equity	550.60	469.11	494.88
Retain Earning (unappropriated)	389.43	307.94	333.70

Financial Ratio	2017	2018	2019
Net Profit (Loss) Margin (%)	8.37	(25.69)	8.00
Return on Equity (%)	4.95	(15.94)	5.69
Return on Asset (%)	2.90	(8.51)	2.95
Debt Equity Ratio (times)	0.80	0.95	0.90
Net Profit (Loss) per Share (Baht)	0.27	(0.81)	0.27
Book Value per Share (Baht)	5.51	4.69	4.95

Revenue of Services (Million Baht)	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
1. Revenue of the Service - NDT	250.88	78.14	247.40	78.23	280.19	81.77
2. Revenue of the Service - Inspection	63.21	19.69	61.87	19.56	58.33	17.02
<b>Total Revenue of the Services</b>	<b>314.09</b>	<b>97.83</b>	<b>309.27</b>	<b>97.79</b>	<b>338.52</b>	<b>98.79</b>
3. Other Revenue	6.96	2.17	6.98	2.21	4.15	1.21
<b>Total Revenue</b>	<b>321.05</b>	<b>100.00</b>	<b>316.25</b>	<b>100.00</b>	<b>342.67</b>	<b>100.00</b>



# FINANCIAL SUMMARY





# COMPANY INFORMATION AND COMMUNICATION

**Company Name** : THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED  
**Trading Name** : TNDT  
**Established** : APRIL 21, 1982  
**Registration No.** : 0107550000025  
**Type of Business** : NONDESTRUCTIVE TESTING & INSPECTION SERVICES (NDT)  
**Capital - Registered** : 100 Million Baht  
**Capital - Paid - up** : 100 Million Baht  
**Par Value per Share** : 1 Baht  
**No. of Share** : 100 Million Ordinary Shares  
**Head Office** : 19 Soi Suanson 8, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok 10240  
**Telephone** : (66) 0-2735-0801 (Auto 10 lines)  
**Fax** : (66) 0-2735-1941  
**Branch Office** : 29 Banphlong Road, Mabtapthut Sub-District, Muang Rayong District, Rayong 21150  
**Telephone** : (66) 0-3869-2226-7  
**Fax** : (66) 0-3869-2229  
**Home page** : [www.tndt.co.th](http://www.tndt.co.th)  
**E-mail** : [headoffice@tndt.co.th](mailto:headoffice@tndt.co.th)

**Registrar :**  
THAILAND SECURITIES DEPOSITORY CO.,LTD.  
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TEL. (66) 0-2009-9381  
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e-mail: [secretary@tndt.co.th](mailto:secretary@tndt.co.th)

**Auditor :**  
MR. AKADET PLIENSAKUL  
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TEL. (66) 0-2630-7500  
FAX. (66) 0-2630-7506

**Internal Auditor :**  
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1/71 Moo 20, Bangpleeyai, Bangplee,  
Samutprakarn 10540  
TEL. (66) 0-2257-0820  
FAX. (66) 0-2257-0836

**Other companies in which the proportion of shares held is 10% or greater** : Please see the Business Structure on page 9

**Other references** : NONE

## Other Information

For more information, please see the Annual Disclosure Information (56-1) as presented on the [www.sec.or.th](http://www.sec.or.th) or [www.set.or.th](http://www.set.or.th) and the Company Website ([www.tndt.co.th](http://www.tndt.co.th)).



# ORGANIZATION POLICIES

## Policy

- a. Provide services strictly based on the principle and guidelines under the international standard and the local laws.
- b. Provide services with modern technologies, in accordance with the customers' requirements. This means the constant development of technologies and innovations, personnel, tools and equipment, both in terms of the field operations and in the administrative office.
- c. Educate and uphold the principle of code of conduct, professional ethics, morals and good corporate governances in all parts of the Organization.
- d. Refuse and oppose all forms of corruption.
- e. Raise awareness within the Organization to be the Social Enterprise that takes responsibility towards the society and the environment, including stability of the organization.
- f. Prepare to transform and face with the continuous technological and social disruption occurrence.
- g. Seek for the business opportunities according to the situation, for the stability of the organization.

## Vision

**Being a business center** to provide safety testing and inspection services, environmental conservation, and value creation in industrial sectors, such as agricultural, medical, industry, and occupational health, with NDT (Nondestructive Testing) techniques and other techniques, both domestics and the ASEAN region, as well as increasing business lines by opportunities.

## Mission

**Approach the target customers** with prompt services, effectiveness, and fairness, strictly under the code of business conducts, for reliability in accordance with business policies and goals. Accelerated expansion of its business to other industrial groups and catch up with the situation, together with increasing the energy business line to meet the target. The projects, which have been started in advance, were in the Republic of the Union of Myanmar, Solar Rooftop project, and Electron Beam Project, etc.

## Commitment

**Focus on business management** with Good Corporate Governance (CG), Corporate Social Responsibilities (CSR), adhere to Code of Business Conduct, Professional Ethics, Morality and Anti-Corruption both by the public and the private sector.

# BUSINESS OVERVIEW

## About TNDT

Thai NDT PCL was founded in 1982 by a group of experts from various engineering fields, and was a listed company in the Market of Alternative Investment (MAI) in the name of Thai Nondestructive Testing (Public) Company Limited (TNDT) in 2007, in order to operate the business in testing and inspection services of safety engineering by Nondestructive Testing (NDT) in the role of the Third Party. On the beginning, the Company's services were to supply in industrial sector with a high risk of accidents, for examples:- groups of oil, petrochemical and gas, including business chain and large steel structure, with a vision that foreseen the growth and sustainability of this business and was obviously the social enterprise profession with the responsibility towards the social and the environment. While the consumption behaviour of society has constantly changed especially in technologies and innovations and the basic scientific principles used in the NDT process could be changed and applied to inspect in other industries easily such as the industrial, agricultural, medical and public health, etc., the NDT business could still have the opportunities of wide growth.

## 1. Nature of Business

Thai Non - Destructive Testing Public Company Limited (TNDT) is a technical service company operating engineering safety inspection, testing and certifying for critical equipment in industrial sector by using non-destructive techniques (Non - destructive Testing - NDT). The NDT is the methods used to test a part or material without impairing its future usefulness. It is intended for detection and measurement of significant properties, in order to compare against to acceptance criteria of applicable code of such equipment, such as steel structure, pressure vessel, gas pipeline transmission ,etc., by means of using both tool and equipment based on scientific approaches, especially in the field of physics ,radioactivity substances ,electromagnetic field, ultrasonic wave and chemistry, etc. For the inspection and certification, these are required to inspect pressure equipment so as to ensure the safety and suitability to continue servicing, by assessing damaged mechanism and its remaining service life. The inspection shall be performed by the personnel with qualifications and expertise according to international standards, regulations, and law. The services can be operated in all conditions and are available as Real-Time system, being on-site, during the production or assembly processes. The certification service will be performed after equipment construction completed, before operating. On the other hand, In-serviced inspection is always performed after equipment has been placed in operation, or required periodical inspection due to the damage mechanisms, such as mechanical damage inspection, as well as damage occurrence during operating condition of such equipment. The inspection is used to assist in the planning of maintenance schedules or Risk based inspection, etc. The services are normally depending on the customers or project owners' requirements, on the legal regulations or standards which specified the usage of technology. Due to the customers or project owners are the entrepreneurs in industries with a high risk of accidents, while the business of service providers is involved in responsibilities for the safety of lives, property and environment, the precision and accuracy is of paramount importance in the testing and inspection reporting and certifying. Therefore, all the techniques concerned in this service must be up to internationally - accepted standards, legal requirements, ethical code of conduct, professional practices and corporate governance which have been strictly adhered.





# BUSINESS OVERVIEW

## 2. Organizations concerned with the Business Operation

The Company has to conduct the business under the Rules and Regulations of the private and government agencies as follows:-

### 2.1 Department of Energy Business, Ministry of Energy

issues the certificate for testing and inspection of LPG cooking gas and fuel-oil cylinders, gas storage tanks, gas & fuel-oil transportation tanks and factory, pipelines, piping systems & equipment, oil terminal depot, and re-fuel gas & oil stations. The Company has received the certificates and licenses as follows :-

(1) Tester and Inspector of LPG tank and piping system & equipment in Category 1, according to the Certificate No. Phor. PorLor.Bor.04/2561 which was the highest level.

(2) Testing and Inspection Engineer of NG Factory and Filling Station Category 1, according to the Certificate No. Wor. ThorChor.Chor. 1-005/2560.

(3) Tester and Inspector, testing and inspection operator Of Fuel-Oil Level 3, according to Certificate No. PhorNorMor. KorForYor.3-015/2560.

(4) Testing and Inspection Engineer of NGV Re-fueling tank, and piping system & equipment, according to Certificate No. Wor.ThorChor.Bor-001/2559.

(5) Boiler Inspection Body by Thai Law, according to Certificate No. 7-60-007.

(6) Testing and Inspection agency of Electrical and associated equipment for NG factory user, according to Certificate No. For.Nor.Chor. 003/2562.

(7) Testing and Inspection agency of Electrical and associated equipment for NG Refuelling station, according to Certificate No. For.Nor.Bor. 005/2562

### 2.2 Office of Atoms for Peace, Ministry of Science and Technology

A. The organization which supervises safety aspects incurred from radiation activation maintaining its authority to issue as follows :-

- Certificates to export the special nuclear materials, by-products, or source materials (Phor Por Sor 6 Kor), (Phor Por Sor 6 Khor).

- Certificate of possessing and utilizing the by-products (Ir-192) (Phor Por Sor 4Kor-2).

- Certificates to possess or utilize the source materials to be chemically transformed (Dpt.U) (Phor Por Sor 4Khor).

B. Service provider of inspection and calibration of survey meters.

### 2.3 Thailand Institute of Nuclear Technology (Public Company Organization)

Provides services of testing and issuing results as follows:-

- Safety standards of radiographic devices and radioactive materials.
- Results of film badges.

### 2.4 Bureau of Radiation and Medical Devices, Department of Medical Sciences, Ministry of Public Health

Provides analysis services of film badge result (government organizations).

### 2.5 Thailand Industrial Standards Institute (TISI), Ministry of Industry

Provides evaluation and certification of internationally accepted quality standards.

### 2.6 Council of Engineers and The Engineering Institute of Thailand

- Issues License for Engineering Professional Practice - Juristic Person and Individual

### 2.7 Munitions Control and Industrial Development Division , Defence Industrial Department

- Monitors the safety in utilizing military equipment and issues license for possessing military equipment in work.



# BUSINESS OVERVIEW

## 3. Qualifications of Personnel

### 3.1 Non-destructive Testing (NDT)

The specifications and qualifications of NDT technicians are certified in both theory and on the job training. Certification is issued to each individual inspector, valid and recertified for a specific period of time by Level 3 inspectors of the internationally renowned institutes. The Company is well-equipped with qualified personnel to provide the services according to all the international standards and other related institutes.

### 3.2 Authorized API Inspector

The specifications and qualifications of Authorized Inspectors (API 510/570/653), to inspect the pressure equipment, have to possess qualifications and experience consistent with the requirements of the American Petroleum Institute. The API Inspectors have to be successfully certified, recertified and issued the certificates by American Petroleum Institute. Recertification is required three years from the issuance date.

## 4. Customer Groups

The Company's customers can be divided into 3 groups as follows :-

**4.1 Production Plants:** These include oil refineries, gas separation plants, gas refilling plants, petro-chemical plants, power plants, material production factories, etc.

**4.2 Construction Contractors:** These include contractors commissioned to construct factories and products assembling e.g. Oil and Gas production plants, oil and gas pipelines both onshore and offshore, high-pressure containers such as spherical tank, oil & gas tanks, oil cylinders, oil refinery, drilling platforms, power plants, suspension bridges, dams, irrigation systems, airports, building complexes, mass transit systems, steel structure, etc.

**4.3 Operators whose businesses are subject to the specific legal regulations:** such as gas stations, transportation systems. These include business operators using highly flammable agents in their businesses such as gas, oil, chemical substances, hotels, hospitals, restaurants, etc.

## 5. Scopes of Services and Responsibilities

The Company provides 4 types of services as follows:

### 5.1 Testing Service

The Company will report the result of test-pieces as provided by the customers only. No evaluation of the perfection of specimens are concluded.

### 5.2 Inspection Service

The Company provides both inspection services and evaluation of the capability of safety usage of such inspected materials, for example, inspection of high-pressure containers as required by Department of Energy Business, inspection of pressure equipment's in oil refining industry and petrochemical, etc..

### 5.3 Consulting Service and Turn Key Management

The Company provides consulting and advice on engineering safety inspection and testing procedures as required by laws and international technological standards governing the customer's business, including project management by monitoring, auditing and fully integrated guarantee in testing and inspection (turnkey project).

### 5.4 Remaining Life Cycle Assessment

## 6. Efficiency of Technical Services

The Company offers 2 types of NDT technologies as follows:

### 6.1 Conventional NDT: such as RT, MT, PT, UT, etc

The Conventional NDT technologies have long been in use, 70% of the earnings are by the conventional techniques. The advantage is the customers are accustomed and the services fee is on the fundamental level.

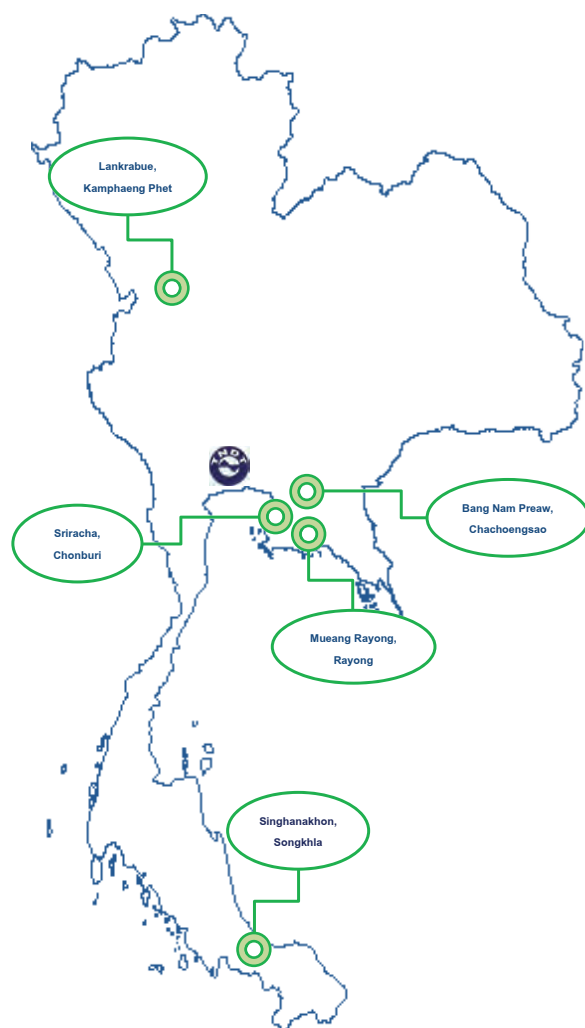
### 6.2 Advanced NDT: such as PA, AE, MFL, RBI, ET, AUT, X-Ray Crawler, etc.

The effectiveness and efficiency of advanced NDT methods, which are proven to be valuable and more appropriate in some certain situations and surroundings, will be better performances in accuracy and safety than the Conventional techniques. However, the higher cost of advanced NDT equipment and personnel are the result of higher services price as well. The customers, who require the services of advanced NDT, always consider the interests of saving time, which will fall more than 10 times to reduce the opportunity cost of business operations. Nowadays, the advanced NDT methods have gained more recognition and tended to have continued expansion.



# BUSINESS STRUCTURE

As of December 31, 2019. (Register)



## Service Centers

- |      |   |
|------|---|
| 1990 | Moved the Head-office from NaNaNua to the Current Office, Head-office at 19 Soi Suanson 8, Ramkhamhaeng Road Huamark Sub-District, Bangkokpi District , Bangkok 10240 |
| 1995 | Branch Office Mueang Rayong District, Rayong Province   |
| 1995 | Site 1 LarnKraBue District, Kampaengphet Province   |
| 2000 | Site 2 Sriracha District, Chonburi Province   |
| 2013 | Site 3 SingHaNaKorn District, Songkla Province  |
| 2018 | Site 4 BangNamPrew District, Chacheungsao Province  |

## Long-term projects (more than 1 year)

- PTT International Offshore Project - Platform, Gulf of Thailand
- Chevron Offshore Project - Platform, Gulf of Thailand
- TNS Offshore Project - Platform, Gulf of Thailand and Andaman in Myanmar
- Power Plant Expansion of the South Bangkok Power Plant
- 5TP-Fifth Transmission Pipeline Phase II Project, from Phanomsarakham, Chacheungsao to Sainoy, Nonthaburi.
- Oil Pipeline Extension Project to Northeastern Region, from Ayuthaya to Chaiyaphoom
- Module fabrication Project to Overseas
- PTT Maintenance - Yearly Contract in Tube Inspection for year 2019 & 2020
- SCG Group - NDT Yearly Contract for year 2018 & 2020

# INDUSTRIAL SITUATION AND COMPETITIVE ENVIRONMENT

Naturally, the business of testing and inspection services with NDT techniques, particularly the safety engineering in high-risk industries such as energy, petrochemicals, fuel gas, chemicals, infrastructures, etc., is a business stability due to the stable and apparent customer groups and strictly required to comply with the laws and international standards. The entrepreneurs in the above-mentioned industries, no matter how the economic situation is, if the productivities are still proceeding, the testing and inspection has to be inspected on the terms and by the third-party inspectors according to the law and international standards requirements. Meanwhile, the growth of the inspection business and the service fees are depending on the growth rate of the industrial situation, in which are in accordance with the demand-supply principle, and with restrictions on the qualifications of NDT technicians and entrepreneurs, in the knowledge, expertise and must pass the examination and certification from a variety of agencies causing the increasing rate of both NDT technicians and entrepreneurs to remain at a minimum. The impact of industrial situation and competitive environment in this services business could be divided into 3 cases, they were

1. In the case of a high growth industry, competition in the scramble for NDT technicians has caused a shortage of personnel.
2. In the case of a shrinking industry situation, the small volume of work would affect the low service fees and the problem of overflow personnel. In the past, the Company rarely faced this situation due to the energy industry has often been on the upper stage, a little slowdown for a short period of time.
3. In the case that there were more competitors than the industrial situation.

By the crisis of oil and gas prices which had felt rapidly and continuously for a long time, never happened for nearly 40 years, affecting the overall chain industry to slow down in the same direction. While the services business was still intense competing continuously, the trend of inspection business, which was currently conventional serving to the oil and gas industry, has nearly met the saturation point. Meanwhile, during such time, there has been the transformation of new technologies and innovations occurring rapidly and have been wildly used in industrial sectors, such as in the industrial, agriculture, public health, etc. Many projects have been transformed, expanded, and increased widely, both in large infrastructure, energy, environment, productivity, and product value creation, etc. Such projects would result in the inspection industry with Advanced NDT techniques in the existing and emerging industries, with a high opportunity of returning to grow rapidly and continuously, while the competition was still not intense. The Company has fully prepared for this opportunity.



# GOALS AND BUSINESS STRATEGIES

The impact from the situations of overall economics, industrial and inspection industries, as well as other negative factors chain have been declining in the same direction since 2014, affected the operating results of the Company steadily decreasing. The Company has tried to develop and transform the operations, including seeking business opportunities, both in technology application and business expansion to other industries. These were a signal indicative of an era of business operations which has reached the transition point. There were remodelling of the types of business in various industries, usage of technologies and innovations, and the behaviour of consumers, in which was clearly visible from the government's national economic and social development plans, and the projects that was of interest of the investors, for examples : renewable energy, energy saving, solving the environmental issues, creating the productivity value in agricultural and industrial, together with the expansion of infrastructure in the Mega Projects such as the EEC project, Double Track Railway project, U-Tapao Airport, etc. These projects would lead to changes and expansion in every industry, which would be an opportunity of inspection industry to return with continue growth. The Company has prepared both adapting and developing the technologies and innovations in the NDT services to be proper for the existing industry groups and emerging industry groups, by setting goals and strategies as follows:-

## 1. Goals in Business Operation

The Business Plan for 3 years (2020 - 2022)

### 1.1 Testing and Inspection Service Business

#### **1.1.1 Domestic**

- A. Approximately 10% increase in total revenues per year or maintaining the market shares of no less than 20%.
- B. Approximately 30% increase in revenues of inspection and testing services with advanced technology per year.
- C. Expand the inspection services line to the maintenance and life cycle assessment business with approximately 10% increase per year, and the business in energy saving at least 1 project.
- D. Expand to the new inspection industry at least 1 project per year.

#### **1.1.2 Overseas**

- A. 20% increase in revenues from inspection and testing services internationally per year.
- B. Establish a subsidiary company in a country with business growth opportunities.

### 1.2 Diversify

In energy, fuel, and infrastructure.

#### **1.2.1 Domestic**

- Revenue recognition from the energy business at least 2 projects per year.

#### **1.2.2 Overseas**

- Conclusion according to the pending energy business.

## 2. Business Strategies

In order to achieve the goals of operations, the Company has set up the strategies of business as follows:

- 2.1 Being confident and having faith in the leader.
- 2.2 Being accepted the transforming and changing behaviour to suit the era.
- 2.3 Encouraging unity; work together in the same direction to achieve the objectives.
- 2.4 Adjusting the attitudes and values with reason in the case of conflict of opinions, and eliminate conflicts in all cases.
- 2.5 Preparing the organization to support new business opportunities.
- 2.6 Seeking for the partners to diversify the services and expand the businesses.



# SIGNIFICANT DEVELOPMENTS OF THE COMPANY

The major developments in 2019 can be summarized as follows :-

## 1. Domestic

1.1 Since the Company has received the supporting fund from National Innovation Agency (NIA) under the project of **“Technological transformation for financial support”** which was the Government policy of promoting innovations, in the Company’s topic of **“the Semi-auto powered X-ray machine for oil and gas pipeline inspection by non-destructive testing”** in the year 2017. The fund was used to invent the innovation until the completion in November 2018 and such innovation would be actually operated in the **“Natural Gas Transmission Line Project No. 5, Part 2”**, with the project value of approximately 52 million baht and in the **“Oil Pipeline Extension Project to Northeastern Region, from Ayuthaya to Chaiyaphoom”** operational duration on the end of year 2019 to 2021, with the project value of approximately 27 million baht.



1.2 The Company has signed the Memorandum of Agreement (MOA) in technical cooperation and supplying the electron accelerator with CGN Dasheng Electron Accelerator Technology Co., Ltd. and Advanced Sterilization (Eastern) Co., Ltd., to co-develop the technology and create innovation from **“the properties of Electron Beam (EB)”**, to be a substrate for value creation of productivities in medical, industrial, agricultural, public health, including environmental conservation. The Company’s area in Rayong would be learning and researching center to support the future innovation development in the Eastern Economic Corridor (EEC), and being the first center in the Southeast Asian region (ASEAN).



## SIGNIFICANT DEVELOPMENTS OF THE COMPANY

1.3 The Company has entered into 2 solar-roof energy business projects, which would recognize the revenues approximately in the 2<sup>nd</sup> quarter of 2020.



<< Factory at Nonthaburi

## 2. Overseas

### 2.1 The Republic of the Union of Myanmar (Diversifying Policy)

For the 20 MW. Coal-Fired Power Plant Project (Project), after completely receiving the documents of power plant business from the Government, there were foreign funds and entrepreneurs both domestic and overseas paying attention to both financial support and investing in the project. The Company was considering the detail of conditions with regards to the best interests of the organization and the proportion of investment which should be complied with the procedures and criteria of the SEC and the SET. Nowadays, some of the investment have continually been funded by the Company and the Directors. Anyway, the sources of funding by the domestic financial institutions have not supported the investment in Myanmar.

For the progress of the project, the construction of power plant components, such as office buildings, residences, canteens, including the foundation of the power plant, as well as slope protection to prevent erosion or sliding flow of soil, etc. which has already been taken for 80%. Since the beginning investment in the solar energy business, the Company has planned to use Solar Cell during construction for further step, without having to rely on the electricity from Thailand.

### 2.2 The Republic of Indonesia

The Company has invested with the Indonesian partner in the NDT Testing and Inspection business in the Republic of Indonesia and was able to recognize the revenues since the 4th quarter of 2015 with continuous revenues generating. Due to the obstacles in the legal and management systems which have not been in the same direction, the Company has to seek for a proper way to register the Indonesian company as a subsidiary with absolute legal rights. Anyway, the Company has proceeded with the preparedness of documents, checked the property items and monitored the debt repayment continually. In the case that all-controlling systems have been implemented correctly and in the same direction as the Company, its business in Indonesia would generate revenues for the Company due to it is a tremendous area of NDT & inspection opportunities.

# RISK MANAGEMENT AND RISK FACTORS

Risk factors in the business can be divided into the followings:

## 1. Financial Risk

**1.1 Liquidity** The impact may occur in 2 cases as follows:-

### 1.1.1 Customer Service Fees :

The impact of economic has not recovered, resulting in some large and small customers have overdue payments, including denying the debts from going out of business. The Company managed the risk by trying to follow up, asking for payment, accelerating debt settlement even closer, and applying a leniency policy in time conditions, including the conversion of assets to pay debts. For the lawsuits would only be the last option, to maintain the customer base when the economy recovered. Anyway, the Company has also been rigorous in selecting customers with stable financial status and collateral.

### 1.1.2 Debt from investment :

Due to the Company's operation result was significantly unrecovered, some projects from business expansion plans were pending, both domestic and overseas. These affected to the financial liquidity, the Company was necessary to rely on loaning from financial institutions and personal loans. The Company managed the risk of loan and interests by controlling not to pay overdue. Meanwhile, there has been the rearrangement of investment plans in accordance with liquidity, including accelerating revenues from its investment sooner.

## 1.2 Foreign Exchange Risk:

1.2.1 The majority of equipment, tools and raw materials are imported by the policy of purchasing in the Baht currency, in order to reduce foreign exchange risk.

1.2.2 For the foreign customers, either the workpieces which are imported or the foreign serviced, all services payment are settled in Thai Baht or through a forward contract to specify the fixed costs.

## 2. Marketing Risk

### 2.1 Raw Material Procurement Risk:

There are 2 significant factors involved, which are the material price volatility disrupt the Company's service fixed cost and the material shortage disrupt the Company's continued services. Therefore, the Company puts in place the measures to mitigate the risk exposure as follows:

2.1.1 All purchasing and selling contracts for raw materials must be finalised in advance with regards to the accurate quantities and fixed pricing.

2.1.2 Drawing a carefully planned for raw material usage according to the actual project workload in each period, along with closely tracking the industrial situation.

2.1.3 Maintaining a close relationship with the suppliers and distributors so that every party in the supply chain can jointly solve whenever there is any tendency of price fluctuation and unexpected shortage of the raw materials.

2.1.4 Some of the materials used are related to the official regulations, such as radioactive materials, the Company increased awareness and pursuance of the government's policies concerned. The Company strictly conformed to the policies and regulations of the government sector and other related to prevent any disruption of the law and regulations.

### 2.2 Competition and Industrial Risk:

Risk from the industrial situation and competition can be classified as follows:

2.2.1 In the industrial situation with high growth rates, the shortage of personnel especially NDT technicians has occurred, resulting in the competition for personnel snatching would be intense. In these, the good service fee has occurred as well. The Company has managed this risk by educating NDT technicians regularly to suit the growth of the industries..



# RISK MANAGEMENT AND RISK FACTORS

2.2.2 In the case of a severe industry contraction has occurred since 2014, the intense competition in low prices and the overflow of personnel, the Company has managed the risk as follows-

A. Controlling the costs of services and manage the organization concisely. Meanwhile, the Company has improved, developed and promoted for preparedness in efficiency and potentiality in order for the upcoming opportunities after crisis.

B. The Company has planned to diversify to other industries with the opportunities of continual growth in the future, such as agricultural, medical and food industries, etc.

C. Seeking for business partners in order to strengthen the organization.

## 2.3 Contractors' Procurement Risk:

The construction contractors (customers) are mostly the private sectors. The projects are usually responsible by the contractors and have been approved on the efficiency of the inspections by the project owners. Therefore, the NDT & Inspection Services opportunities shall be depended on the two parties, while the terms, conditions and service fees are typically determined by these contractors. Acquiring NDT businesses through the contractors in this nature carries some inherent risks by reliance on contractors, receiving inappropriate service fees, and credit risk if the contractors have financial difficulties. Therefore, the Company takes caution in these issues, in order to avoid such risks, by choosing to work with contractors which shall have financial stability and recognise the quality of services. Up to 80 percent of the Company's service contracts are awarded by contractors. For the recent crisis of oil and gas prices, there was a high competition to get jobs and led to the unfair business behaviour of customers which was a greater job costs, as well as the greater risk of loss and corporate governance. Furthermore, the procurement by auction method for the large projects was the Company's target customers group. While the inspection industries were competed severely and the economic recession, the auction would focus on low prices regardless of the cost, creating conditions for reciprocal benefits from bidders easily, and making it a great opportunity to miss these auctions. Any missing of opportunities would mean a significant impact on operations. The Company has managed these risks through the turnkey services by QA & QC management in order for the burden reduction and being beneficial to the project owners, for which still having low competition, and for more business opportunities of the Company.

## 3. Management Risk in the Organization

### Manpower:

The qualified NDT technicians and experts are the main factor of the inspection businesses and in high demand in the industrial sector and inspection entrepreneurs. To qualify these personnel must waste time and capital for training, especially the timing. The amount of qualified personnel and the demands in the industry do not match, resulting in the shortage of qualified personnel and migration regularly, which will increase in violation on the expansion of industry. Nevertheless, by the current shrinkage of the industrial sector, the overflow personnel occurred. The Company has resolved these issues by planning the appropriateness of personnel and workload, seeking the partners in inspection industry to solve the problem of shortage and overflow personnel problems appropriately.

### 3.1 The Personnel Management:

There are three guidelines, they are :

**(A) Promoting personnel in the Organization** for more qualified and up-to-date efficiency, being readiness to cope with technological transforming by being trained by the experts, etc. both internal and external of the Organization, for the purpose of fully accumulating a variety of knowledge and expertise. The training intervenes in the professional ethics, morals, and virtues and to oppose corruption in all training courses so as to cultivate the awareness of being a good member of the organization including to motivate the organization awareness, so as to reduce the shortage of qualified personnel migration and the overflow of unskilled personnel.

**(B) Seeking for the qualified personnel both domestic and international**, who are qualified NDT technicians with knowledgeable, experience and expertise, correspond directly to reduce the cost and time in forming the personnel and minimizing damage when migrating, reduce the labour law obligations, they are to enhance the services.

**(C) Accelerating to develop and create innovation**, to enhance competitiveness and reduce the unnecessary labour.



# RISK MANAGEMENT AND RISK FACTORS

## 3.2 Communication Management System

The prompt, accurate data connection, data collection, IOT (Internal of thinking), AI Machine Learning, including systematic data analysis shall be done to reduce the risk of errors and delays from communication.

## 4. Operational Risk

### 4.1 Impact on Employees and other concerned:

The NDT Testing and Inspections have sometimes been done in hazardous locations, for examples: work at height, confined spaces or chemicals area including a regular testing and inspection with radiation, etc. Therefore, in order to protect the employees and the environment from possibility of dangers, the Company has set up declaration, policy statements and safety measures, both the international standards and the domestic related to the rules and regulations strictly. Moreover, the Company has fully provided the standard safety protection for employees, consisting of the Personal Protective Equipment (PPE), the Pocket Dosimeter and OSL, the Survey Meter and other emergency equipment. The Company has held trainings on correct and safe work practices, including how to deal with emergency cases for the employees, subcontractors and customers and reviewed regularly and timely. They were to ensure the safety and the confidence in the operations and services of the Company.

In addition, the Company was aware of the health and safety of the employees, especially the radiation operators, and would perform a monthly radiation dose check by the HSEQ department, as well as the Company's annual health check-up. This also included the rotation of the operators, in order to control the radiation values of the employees not being higher than the standard level.

### 4.2 Impact on Community, Society and Environment:

The Company recognizes the importance of the corporate social responsibility thoroughly, complies with the rules and regulations set by the international standards or the public and the private sectors, for example : the regulation on radiation usage by the Office of Atoms for Peace, Ministry of Science and Technology, the regulations set by the Department of Business Energy, Ministry of Energy, and ASNT standards, etc., including how to correctly dispose of the wastes left over from the services. Additionally, operating employees, contractors and customers must attend the meeting prior to the operation in order to ensure the understanding of roles and responsibilities, procedures and how to proceed in the emergency case and provide safety protection in radiation areas such as flags, warning signs, equipment and alarms in the case of an emergency, radiation shelter, including following the regulations of the area diligently and transport with a specialized vehicle promptly to prevent the impacts on the lives, properties, communities and the surrounding environment. For the past 37 years of being in the business, the Company has never once been filed complaints or face any disputes regarding the environment.

## 5. Risks from Other Factors

### 5.1 Political Risk:

Political stability helps to support economic and social development. At the same time, if political uncertainty retards confidence in economics and corporate governance, and cannot motivate the investors, both domestic and overseas, it will affect both the whole industry and the inspection industry. In the past the Company was affected by the political policies, but it was not much severe than the governance and morality crisis that was happening in society especially the corruption problems nowadays. The Company has planned risk management by avoiding involvement in unfair business behaviour and accelerating the development of NDT personnel with potentiality and efficiency and expand the business steadily both domestic and other countries with high business growth, which has already been performed, for examples in Lao People's Democratic Republic (PDR. Laos), the Republic of the Union of Myanmar and the Republic of Indonesia, etc.





# RISK MANAGEMENT AND RISK FACTORS

## 5.2 Governance Agency Risk:

Due to the Company's business involves safety and security of human lives, property and the environment, as well as being regulated by many rules and regulations of the independent entities and the governmental organizations concerned. These rules and regulations have been modified and updated in content currently and continually. Although the compliance with the rules and regulations will incur additional costs of services, the more social rules and the easier management will occur. Therefore, the Company continues to monitor the government policies and regulatory requirements closely to accommodate any consequences and allow effective business management.

## 5.3 Regulatory Risk:

The government's policy, on minimum wage increase since 2012 onwards, affected directly to the Company's employee wages and increased in proportion, but not so much affected to the qualified personnel. However, the Company reduced the risk of unskilled labour to be accelerated the development of NDT personnel with more potential and efficiency to serve the customers in order for more volumes of work, revenues, customers' satisfaction, and higher service fees in reasonable prices. Therefore, the cost of increasing wages, for the qualified personnel, is not the key factor of risk anymore.

## 5.4 Business Management Policy:

Since the Company has been operating in NDT techniques continuously for 37 years, throughout the past 32 years, the Company has not received a loss in revenue due to its technical business necessity to the industrial sectors and its unique characteristics, resulting to the certain level of the business' stability. As time passed on, more competitors have emerged in the business, the more severe competition, including the recession in related industry might affect the results of performance at a level of no conducive to commercial, as well as the evolving age of technology, innovation, consumers' behaviour and new opportunities which constantly arises. Remodelling the business management policy in appropriate situation is necessary for the growth of Organization. Therefore, these risks are managed by considering the expansion of services to other industries, such as medical, public health, agriculture, etc. including renewed services, and diversify to the accustomed business group that the Company has the experiences of inspection such as the energy business, etc. The Company had continued its business operations for approximately 5 years and estimated to have a significant result in revenues in year 2020. For the business of NDT & Inspection, which were still the main business of the Company, have developed in technical. The processes of services were developed to meet the modern era and the future, by focusing on reducing reliance on unskilled labour by utilizing the new technologies and innovation instead.

## 5.5 Shareholders Meeting's Votes Control from the major shareholders:

The major shareholder of the Company is the Miss Chomdeun Satavuthi family, consisting of Miss Chomdeun Satavuthi / Mr.Krirkkiat Satavuthi / Mrs.Juraisri Satavuthi / Mr.Anusorn Satavuthi / Miss Rassiya Satavuthi and Mr.Suwat Dangphibulskul, herein referred to as "the Major Shareholders", control the percentage of the shares equal to 48.70% of the total shares already sold and is considered acting in concert, according to the Capital Market Commission Board announcement (TorJor.7/2552) under "The specifications of relationship or behaviour described as 'acting in concert' " in order to assert the owner's rights to vote and still maintains the authority as the signatory and the Executive of the Company. Therefore, the Major Shareholders has the authority in management and control the votes in most of the significant meetings, except legal matters or the Company's regulations which states that the accepted votes of the shareholders meeting must be no less than 3 in 4 of the number of shareholders present and has the right to vote in the case of a refusal. In other words, other shareholders in the meeting which has the right to vote may not be able to gather enough vote to refuse or balance out the management of the Major Shareholders.

However, the Board of Directors have set up the policies and the transaction procedures by the directors, the Major Shareholders or the authorized personnel including individuals that may have conflicts of interests, must report and be granted an approval from the Audit Committee in all cases before presenting it further to the Board of Directors meeting for consideration and notify the Stock Exchange of Thailand within the next working day immediately in order to prevent the leakages of internal data and investment related information to be used for personal gains and to stop any possible conflict of interests that may arise. As a result, any approvals for the transactions must be beneficial, fair and reasonable, including being within the limitation and prices of the market, to which the Audit Committee will follow up all related transactions every quarter. This is done by having the internal control team to conduct the audit and the directors, who are related and/or have the stakes, will not be in the meeting and cannot vote during the Board of Directors meeting.

# REPORT OF THE AUDIT COMMITTEE

## Dear Valued Shareholders,

The Audit Committee of Thai NDT Public Company Limited comprises of three Independent Directors, All of the Audit Committee members are not executives, employees, or consultants of the Company and possess all required qualifications as stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee has performed their duties as authorized by the Board of Directors, and has strictly adhered to the Charter of the Audit Committee. The Committee's duties were to monitor and focus the Company on the compliance with Good Corporate Governance, the appropriateness of Risk Management, the efficiency and effectiveness of Internal Control and Internal Audit System, the development and improvement of audit process in accordance with the modification of circumstances, including determining the measure of anti-corruption to suit for the risk. In all, the Audit Committee has performed its duties independently and impartially, in line with the guidelines and practices of the Audit Committee of the SEC and the SET. In year 2019, the members of the Audit Committee's meeting attendance were namely as follows:-

No.	Name		Position	Attendance
1.	Dr. Wicha	Jivalai	Independent Director / Chairman of the Audit Committee	6 / 6
2.	Mr. Vichai	Watcharavattanakul	Independent Director / Member of the Audit Committee	6 / 6
3.	Dr. Chumpol	Kluaymai-ngam	Independent Director / Member of the Audit Committee	6 / 6

In addition, the Audit Committee had convened the meetings between non-executive directors, external auditors, and internal auditors, in the relevant agenda to discuss various issues regarding the managements which were interesting, without participation by the Executives. In the year 2019, there were 4 meetings convened.

**The Results of the Audit Committee's performance** on significant issues can be summarized as follows:-

### 1. The Review of the quarterly and annual financial statements of 2019.

The Audit Committee has reviewed the Company's quarterly and annual financial statements, the connected transactions and conflict of interests as well as relevant financial reports of the Company and its subsidiaries. Together with the external auditors, the Committee concluded that the Company's financial statements, financial reports have been prepared with appropriateness in all its major contents according to Thai Financial Reporting Standard - TFRS and legal requirements. The appropriate accounting records, scopes of audit and the adequate disclosure as well as the monitoring were done on disclosure of relevant transactions, as well as the preparation of the management discussion and analysis (MD&A). Besides, there were also the review of disclosure of connected transactions between the Company and its subsidiaries, and among the connected persons, including the audit of the related party transaction, accompanying with statement of auditors, internal auditors and other officials concerned. Monitoring the financial liquidity and ability of debt repayment together with the management were done as well. These were to ensure that the Company has prepared the financial statements as per the regulations and disclosed all correct relevant transactions to comply with the regulations set forth by the Stock Exchange of Thailand. In 2019, there were 4 meetings convened with only the external auditors, and were held without attendance of the Company's Executives, in order for the external auditors' independence in their duties and opinions.

Having carried out the responsibilities, the Audit Committee was of the opinion that the financial statements of the Company for the year ended 31 December 2019 has been prepared in accordance with the financial reporting standards of Thailand with reliable, transparency and adequate disclosure. The external auditors have commented on the report of the independent auditors, which were presented to the Board of Directors of the Company and its shareholders, and no significant observations.



# REPORT OF THE AUDIT COMMITTEE

## 2. Assessment and Monitoring of Internal Control System and Internal Audit.

The Audit Committee has reviewed the reports of Independence and Internal auditors (Audit Team) for the internal control systems and internal audit, together with determined the scope of work to include all significant and necessary business and working procedures by emphasizing on sustainable development and continuity. In addition, recommendations, review and improvement of internal audit process and risk management have been done for more efficient by focusing on risk assessment on the activities which covered the significant and high-risk entities. The Committee has encouraged to maximize operational efficiency and also considered the internal audit reports and monitored the correction of essential issues, reviewed of the budget preparation and human resources management in personnel, expertise, experience, and assessed for annual performance of the internal audit. The Audit Committee agreed that the Company's internal audit was conducted with appropriateness covering risk factors, consistent with changes in the environment and various situations both inside and outside, effectiveness in business performance, sufficient disclosure of comprehensive information, appropriateness in the Company's assets protection and found no major fraudulent incidents, conformed to the external auditors' conduct, reported no major fraudulent incidents on the Company's Financial Statements.

## 3. Monitoring the assessment of Risk Management.

The Audit Committee monitored the policies and planning of risks management along with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the form of Enterprise Risk Management or COSO ERM with 8 elements of which covered the guidelines for determining the policies of management, operations and risk management, so as to reduce or control the risks both the internal and external factors together with the overseas businesses. Moreover, the Committee monitored the Company's operational system and the adequacy of risks control system in order for everyone in the Company to realize the risk and to be mutual responsible by both executives and employees. The Audit Committee was of opinion that the system of the Company's risk assessment, risk management of business operations in all internal and external factors were adequate and efficient to manage the risk and reduced the impact of any potential to be in its risk appetite level.

## 4. Monitoring the Prevention and Anti-Corruption.

The Audit Committee has reviewed the policies and the measures of prevention and anti-corruption, together with regular corruption risk assessment in business operation which might occur in all processes, including determining the appropriate anti-corruption measures. Moreover, the Committee has reviewed the internal audit team's process of monitoring and assessing the employees' results of operations, as well as promoting and encouraging the awareness in performing their duties with honesty, transparency, and was of opinion that the Anti-Corruption Policy was performed on each activities of operations. The Committee has self-assessed on anti-corruption measures in accordance with the requirements of Thai Institute of Directors and found that the prevention and anti-corruption measures in business operations were sufficient. Furthermore, there were various communicate channels for whistleblowing / complaints, the suspicious complaints regarding fraudulent actions would be submitted to the Audit Committee / Independent Director. There were channels disclosure on [www.tndt.co.th](http://www.tndt.co.th), the Annual Disclosure Information (56-1), Annual Report (56-2), Corporate Governance Manual, Code of Business Conduct. Moreover, there was a measure of whistle - blowing / complainant protection to prevent and manage the risks of corruption that might incur in any performances of the Company. In year 2019, no any relevant report or misconduct relating to the corruption of the Company and/or affiliated was found.

Although the Company has not participated in a declaration on CAC yet, the Company has practiced in anti-corruption policy for an explicit guideline to operate the businesses and develop to the sustainability of the organization.

## 5. Monitoring of Good Corporate Governance, Corporate Social Responsibility, and Compliance with the Rules, Regulations and Law related to Business Operations.

The Committee has monitored the code of business conduct, corporate governance and was of opinion that the Company has complied with the Code of Business Conduct and the Corporate Governance which has been merged with the new CG Code. Besides, the Company was committed to sustain the business practices guidelines under corporate governance by adhering to operate on the basis of Responsibility to Corporate Social, Community and Environment. In 2019, the Company has been assessed for Corporate Governance Responsibility (CGR) on “**Excellent Level**” for the fourth consecutive year with a score of 93, the same as year 2018.

The Audit Committee monitored the Company's compliance with the Regulations and the Requirements of the SEC and the SET, and other relevant standards pertaining to its business and performances and was of opinion that the Company has complied with relevant regulatory requirements and no significant deficiencies were found.

# REPORT OF THE AUDIT COMMITTEE

## 6. Assessment of the Performance and the Appointment of Certified External Auditors for the year 2020.

The Audit Committee was satisfied with the results of the independent assessment, the professionalism, and the expertise of the certified external auditors in the past year, as well as the qualifications were in accordance with the regulations of the Public Company Act, the SET and the SEC, which defined that the auditor must have no shares, no any other services than auditor, no relationship or transaction with the Company, its subsidiaries, Directors, major shareholders or the connected person, should be independent to audit, and comment on the financial statements of the Company and its subsidiaries. In all, their performances were satisfactory, and the arrangements of financial statements were timely. The Committee has reviewed all appropriateness and appointed the auditors, including having determined remuneration and presented those to the Board of Directors seeking for approval of the shareholders on the Annual General Meeting. They are:-

1. Mr. Pisit	Chiwaruengroch	Auditor Licence No. 2803	and/or
2. Mr. Akadet	Pliensakul	Auditor Licence No. 5389	and/or
3. Miss Kornthip	Wanichwisedkul	Auditor Licence No. 6947	

of M.R. & ASSOCIATES Co., Ltd. to be the auditors of the Company and its subsidiaries for 2020. The Audit Committee also expressed its opinion and proposed the auditors' remuneration such as quarterly and annual audit fees, monitoring for BOI fee and other services fee.

## 7. Monitoring of relevant Transactions which may have conflicts of interests and the Information Technology System.

The Audit Committee has monitored the relevant transactions which might have conflicts of interests between the Company & affiliated and the Executives, the Board, the Shareholders, or those related to the Company, to prevent the Company's assets, information and opportunities to be improper utilized and unauthorized. The transactions would be considered by adhering to the principles of fairness, transparency, adequate information and timely disclosure, ascertain and best interests of the Company. The Audit Committee concluded that the connected transactions or the conflict of interests for the past year were conducted on appropriate and reasonable business practices, completely complied with the stipulated business conditions, the regulations of the SEC and the SET.

## 8. Reviewing the Information Technology System.

The Audit Committee has considered and promoted to set up the policy and measures to prevent access and safety control of the usage of information technology and internal information to be in the availability of information regularly, provided the information access in the order of employees' duty and position. In addition, there was a system to prevent damage of information technology which might be utilized dishonesty, or changing information without permission, or taking advantage of confidential information that might affect the price of securities, preventing the pursuit of personal benefits and the related persons. The Committee would monitor the internal control systems, through the auditing by the internal audit team. In the year 2019, the information technology usage was not found inappropriately.

## 9. The Review and Practice of the Charter of the Audit Committee

The Audit Committee has reviewed the charter of the Audit Committee annually, in compliance with the Rules and Practices under the Good Corporate Governance, as well as the rules and regulations of the SEC and the SET, together with the direction of the organization. The Committee has regularly and entirely practiced on the Charter of the Audit Committee.

## 10. Considering the Self-Assessment.

The Audit Committee has performed individually and entirely for self-assessment according to the Good Practices of the SET and the Good Corporate Governance, together with the opinions upon the Committee's previous performances.

The Audit Committee was of the opinion that its self-assessment was excellent, rendered its effectiveness and achieved the objectives set by the Company's Board of Directors sufficiently and completely. The self-assessments should be reported annually to the Board of Director.



(Dr. Wicha Jiwalai)

Chairman of the Audit Committee



# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

## Dear Valued Shareholders,

The Nomination and Remuneration Committee (NRC) of Thai NDT Public Company Limited comprises of three members, who are knowledgeable on the roles and corporate governance, being independent, reliable, prudent and time devotee on the duties, being fairness in nomination and election with transparency to nominate the Company's Directors and the Top Executives (Managing Director and Deputy Managing Director), including determining the Policy of Remuneration and Other Benefits for the Directors and Managing Director with appropriate and fairness. In addition, on the agenda of the Directors having conflict of interest, those Directors will abstain in that agenda. In the year 2019, the members of the Nomination and Remuneration Committee's meeting attendance were namely as follows:-

No.	Name	Position	Attendance
1.	Dr. Wicha Jivalai	Independent Director / Chairman of the NRC Committee	2 / 2
2.	Mr. Vichai Watcharavattanakul	Independent Director / Member of the NRC Committee	2 / 2
3.	Mr. Chaya Jivakate	Non-Executive Director / Member of the NRC Committee	2 / 2

**The Results of the Nomination and Remuneration Committee's performance** on significant issues can be summarized as follows:

### 1. Determine guidelines and policies of the Nomination of the Company's Directors and the Top Executives.

The Nomination and Remuneration Committee (NRC) determines and reviews annually the guidelines and policies of the nomination and selection of persons to be nominated as Directors to replace those who retired by rotation, the Top Executives are as well. In year 2019, the Committee has carefully considered the qualification of the three Directors in compliance with the related Rules and Regulations of the Public Company Act B.E.2535 (1992) and the Securities and Stock Exchange Act, Manual of Company's Corporate Governance and Director Qualifications which were appropriate for the Company's business operations and listed on the Company Website ([www.tndt.co.th](http://www.tndt.co.th)) in the Sustainability section under the title of **"Corporate Governance - Corporate Governance Policy - Principle 3 : Strengthen Board Effectiveness"**, on "the Annual Report 2019", the topic of **"Selection of Board Members and Top Executives"** and "the Annual Disclosure Information 2019", part 2 Management and Corporate Governance, title of **"Selection of Board Members and Top Executives"** under the topic "Corporate Governance". Moreover, the knowledge, qualifications, past experiences and expertise for the best interests of the Company's business operations, the past performance of Directors, NRC Members, AC Members and Top Executives would be considered. In the past, the 3 NRC Members have been selected and proposed to the Board of Directors to carefully consider the qualifications which would be eligible for the Company's business, the Members of NRC who had conflict of interest, or the Directors who were considered would abstain from the nomination. Furthermore, the 3 Nominated Personnel would be proposed and approved by the General Meeting of Shareholders No. 13/2019.

In addition, as the Board of Directors' Meeting No. 4/2019, the Nomination and Remuneration Committee has monitored the Company Secretary and the Company to allow the shareholders to nominate candidates for election as Directors in the Annual General Meeting of Shareholders for the year 2020, which was distributed to the shareholders through the Stock Exchange of Thailand and the Company Website ([www.tndt.co.th](http://www.tndt.co.th)) during January 3, 2020 to February 4, 2020.

### 2. Determine Guidelines and Policies of the Remuneration of the Company's Directors and the Top Executives.

#### 2.1 Remuneration of the Directors

Determining appropriateness by comparing to other companies in the similar fields and in the same level, the survey data on the remuneration of the Stock Exchange of Thailand, the business expansion, the results of operations, the growth of the Company's profit, together with the duties and responsibilities in the past year both normal and assigned duties, as well as in compliance with the Company's strategies and long-term goals. They would be presented to the Board of Directors and proposed to the shareholders for approval by the Annual General Meeting of Shareholders later. The NRC was of the opinion that the Company's criteria remained appropriate.



# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

## 2.2 Remuneration of the Top Executives

Determining by taking into the business expansion, results of operations and the growth of Company's profits, including the results of the performances and the duties and responsibilities according to strategic objectives in the past year, as well as in compliance with the Company's strategies and long-term goals, and presented to the Board of Directors for approval and managerial proceeding later. The NRC was of the opinion that the Company's criteria remained appropriate.

### **3. Development Plan for Directors.**

The Nomination and Remuneration Committee (NRC) has governed the development plan (Skill Matrix) for the Board and Committees to develop skills, knowledges and capabilities involved, including any renewing of the Laws, Rules and Regulations which were related to the business, by focusing on the performance on the Directors' duties to achieve the objectives, goals and the best interests of the organization, which the skill matrix were set up by the SEC, SET, the Capital Market Commission, Thai Institute of Directors and etc. For the New Directors, they were required to attend the orientation of the Board of Directors according to the SET Guidance, in order to acknowledge the significant information of the Company's operations, duties and responsibilities, guidance on the law, rules and regulations, notices and conditions as being the Directors in the listed company of SET. The NRC and was of the opinion that the Development Plan remained appropriate.

In year 2019, the 4 Directors have attended the training to develop their knowledges for 11 courses.

### **4. Review and Practice on the Charter of the Nomination and Remuneration Committee.**

The Nomination and Remuneration Committee has reviewed the charter of the Nomination and Remuneration Committee annually, in order to comply with the Rules and Guidelines under the good corporate governance, as well as compliance with the Rules and Regulations of the Securities and Exchange Commission, together with the direction of organization and other concerned. The Nomination and Remuneration Committee has completely practiced on the Charter of the Nomination and Remuneration Committee. The NRC was of the opinion that the Charter of the NRC remained appropriate.

### **5. Consider and Review the performance assessment forms of the Board of Directors and Managing Director.**

The Committee has considered and reviewed the entire and individual performance assessment forms of the Board of Directors, the assessment of the adequacy of internal control, the performance assessment forms of the Managing Director by comparison with the assessment of SET and applied to suit for the organization, in order to develop their duties efficiently and to be partial factor to consider the annual remuneration of the Board of Directors and Managing Director. The NRC was of the opinion that the assessment forms remained appropriate.

### **6. Consider the Self - Assessment.**

In the past year, the Nomination and Remuneration Committee has reviewed its performance and the compliance with the Corporate Governance, together with the Board of Directors' opinion in the Nomination and Remuneration Committee's assessment. The Committee was of opinion that its entire and individual assessment were excellent, rendered its effectiveness and completely achieved the objectives set by the Board of Directors and reported their annual assessment to the Board of Directors.



(Dr. Wicha Jiwalai)

Chairman of

the Nomination and Remuneration Committee



# INTERNAL CONTROLS

The Board of Directors has determined the policy and risk management framework by the internal and external factors, by emphasizing greatly on the internal control system, both in the executives' level and the operational level, covering financial, management, and operational for the efficiency and effectiveness, as well as in compliance with relevant laws, and regulations. The internal control system would reflect the long-lasting efficiency and the effectiveness in all areas, be in the internal atmosphere. The operational risk assessment and risk management policy would be covered the whole organization, in order to prevent any cases which might incur in operations or others, along with monitoring the performance of internal control system by consulting / questioning Managing Director, Auditors and all concerned.

In the Board of Director's Meeting No. 1/2020, held on 24th February 2020, of which comprised a quorum of 8 Directors of the Board, the Audit Committee of which comprised 3 independent directors were attended to monitor and review the Company's result of operations and the internal control system. All of the Directors and Executives recognized the importance of the continuity of the Company's internal control by monitoring to cover all activities of business operations adequately and appropriately, including complying with the related laws and standards.

The Board of Directors has assigned the Audit Committee to monitor, review and assess the effectiveness and adequacy of the risk management. The Audit Committee has improved the audit process by focusing on risk assessment on the activities for more efficiency, including reviewed the internal control system by the meeting and reporting the performance assessment of the independent internal auditors who reviewed the transparency and accuracy of information on each quarter. The assessment reports should contain determining the appropriate scope of responsibilities, operational plans, and assessments of the adequacy, quality of risk managements and the internal control systems, review of the financial statements, Good Corporate Governances, Anti-Corruption and the Concerned Rules & Regulatory Compliances related to the business operations and articles of association, the relevant transactions which might have conflicts of interests, and review the information technology. The Audit Committee has assessed the adequacy of internal control system in order for continually developing and improving the efficiency and effectiveness of operations. The system has to cover the Good Corporate Governances (CG), Corporate Social Responsibilities (CSR) and Code of Ethics and Business Conducts, in which the framework of The Committee of Sponsoring Organization of the Treadway Commission (COSO) has been integrated in the form of Enterprise Risk Management or COSO ERM, which the 8 key elements frameworks of risk management would be as follows:-

- (1) Internal Environment
- (2) Objective Setting
- (3) Event Identification
- (4) Risk Assessment
- (5) Risk Response
- (6) Control Activities
- (7) Information and Communication
- (8) Monitoring

These were to identify potential events that might impact the organization, and managed to be in its risk appetite level, to provide confidence that the performance has achieved the objective of the organization. The reports should be presented to the Board of Directors every quarter. In case of any suggestions or significant defects, the internal auditors should report to the Audit Committee and the Committee would present to the Board of Directors for any suggestion or further improvement. The disclosure of assessment can be viewed on the Annual Information Disclosure (56-1) and Annual Report (56-2).

In year 2019, The Audit Committee was of opinion that the internal control system was still efficient in governance, monitoring and assessing to prevent the improper deployment of the Company's assets, information or opportunities by the Executives, to prevent any activities which might cause any corruption of the Company, together with to prevent the inappropriate transactions with persons related to the Company. In the past, the transaction was approved by taking into the best interests of the Company. However, the Company has increased more caution that the future transaction would be done by the persons both operational and managerial level who would have no conflict of interest and have the authority of approval in-written only, in order to balance and audit each other appropriately, as well as for the best interest of the organization.

# INTERNAL CONTROLS

## Chief of Internal Audit Team

The Audit Committee's responsibilities are to consider the independence of Internal Audit Unit as well as to appoint, transfer and dismiss the Chief of Internal Auditor. For the Company, the Audit Committee had proposed the Board of Directors to appoint Mr. Krod Songmuang / Chief of Internal Auditor to monitor the internal control since Quarter 4/2014 onwards. Due to having experiences in performing internal audit in the Company's business for a long time and understanding the activities and the operations of the Company very well, it is appropriate for him to perform such duties.

The Chief of Internal Audit team has performed its duties independently for the development and reviewed the effectiveness of the risk management system, the internal control system, the financial report including the operational system to cover all activities of business operations, as well as covering the significant and high-risk departments. The Internal Auditors have also coordinated with the Auditors, Executives, Internal Audit Officer / Miss Alisa Thaosisakul, as well as Miss Vajana Sakulraemrungs / Administration Manager to Coordinate between the Directors, the Internal audit team, and Employees in the relevant departments in order for monitoring their duties to be fully in line with all systems as appropriate, provided the sufficient and reliable information and reported to the Audit Committee. The Audit Committee would review, suggest the issues of operations for correction, prevent and develop all the systems thoroughly and continuously, then present to the Board of Directors in every quarter. For the audit process, if there was any suspect that might affect or could damage and require the correction, the Chief of Internal Audit team or the assigned person should notify the relevant departments or the Audit Committee immediately for auditing and further correction.

The details of education, experiences and training of the Chief of Internal Audit are shown on the attachment 3 of "Detail of Chief of Internal Audit Team" of **the Annual Disclosure Information 2019** and on **the Annual Report 2019** in the title of "The Management - Company Secretary and Chief of Internal Audit", Page 50.

## Compliance Unit

The Company does not set up the Compliance Unit. However, the Company has assigned the Company Secretary Office to be responsible for governance, monitoring BOD activities and reporting to the Board of Directors. The Company Secretary's duties and responsibilities were to ensure the Board of Directors, Executives and Employees to comply correctly with Rules and Regulations of the SEC, the SET and the Public Company Limited Act and other relevant laws.



# ANTI - CORRUPTION

The Board of Directors realizes and emphasizes to operate the business with honesty, integrity and takes responsibility to the community and to all groups of stakeholders, and strictly complies on the good corporate governance policies, ethics, code of business conduct, and work regulations of the Company, including the rules and regulations of government and private sectors as related to the business operations. The Board also monitors the Company to set up the policy and guidelines of Anti-Corruption, including the procedure of training to promote and cultivate the employees' knowledge on this matter. In addition, the Company cultivates the bribery prohibition for the company's business interests and the awareness of performing duties with integrity, while the performances shall be monitored regularly to prevent the risk of corruption occurrence.

## **Anti-Corruption Policy**

"The Directors, Executives, the Company's employees are prohibited from employing their authorities, be it for the direct or indirect benefits to self, or any others. This includes prohibiting the offer of unlawful benefits to any other person in order to obtain the Company's business interests. The Company shall monitor the Anti-Corruption Policy, review and assess at least once a year, as well as revise the practical and requirements of the guideline in accordance with the changing of the business, standardized regulations and the legal related requirements".

In all, the Company has publicized the knowledge through the information technology, announcement letter, and training for the employees in the organization and the related persons for the better understanding of the procedure guideline, responsibility, and compliance under the same policy

## **Guidelines for Prevention and Anti-Corruption**

The Company has taken measure to prevent and anti-corruption for the Directors, Executives and Employees to adhere as a guideline and performed the Anti-Corruption Policy along with each operations activity. The Company would assess the risk of corruption that might arise in each process regularly. In case of corruption or misconduct action was found, employees in all level and all stakeholders could notify through the Company's channels as defined, to proceed the auditing, solving and preventing, including reporting to the Board of Directors in order to prevent and monitor the risk of corruption. Those whistle-blower / complainants could consider the channels of notifying as appropriate. Anyway, the Company had measures to investigate and determine the disciplinary action of the Company and/or the related laws. In case of a capable of contacting the whistle-blower / complainants, the Company would notify the operation result in writing.

In addition, the Company's internal audit team would be responsible for monitoring by the quarterly monitoring plan and reporting to the Audit Committee for consideration, review, as well as presenting to the Board of Directors for appropriate solution and determination.

## **Whistleblowing / Complaints / Comments or Suggestions**

The Board of Directors respects all the stakeholders to participate in the matters which benefit to the business development of the Company, or the complaints in case of rights violation, comment, or suggestion on suspicion of corruption to the Audit Committee, who are independent directors. The channels for all stakeholders to submit their whistleblowing / complaints / comments or suggestions together with the supporting contact data are as below: -

- Independent Committee : independent@tndt.co.th
- Company Secretary Officer : secretary@tndt.co.th
- Postal : Independent Committee / Company Secretary Officer  
Thai Nondestructive Testing Public Company Limited.  
19 Soi Suason 8, Ramkhamhaeng Rd., Huamark, Bangkok, Bangkok 10240
- Tel. : +662-735-0801 (Auto 10 lines)
- Fax : +662-735-1941

The Company Secretary / the Secretary of the Independent Committee / the Audit Committee will collect the information and propose to the Independent Committee / the Audit Committee and the Board of Directors for consideration consequently. The information can be viewed on the Company's website (www.tndt.co.th), the Annual information Disclosure (56-1) and the Annual Report (56-2), the Corporate Governance Manual and the Code of business Conducts.

# CONNECTED TRANSACTIONS

Transactions of the Company and companies related to a person who may have a conflict of interest which occurred during 2018 and 2019 are as follows:

Name / Nature of Business	Relationship	Nature and value of transactions	Necessity and rational of transaction
<b>1. Munja Company Limited</b> Business of Alternative Energy Installation Services	Miss Chomduen Satavuthi Director / Executives Director / Managing Director of TNDT was a minor shareholder of Munja. and Mr. Thanun Satavuthi Deputy Managing Director of TNDT and son of Miss Chomduen Satavuthi was a Non-Executives Director of Munja.	In 2018, the registered capital was increased to 30.00 million baht, divided into 300,000 shares or 100 baht per share value. Miss Chomduen Satavuthi had 10% shareheld, while 90% shareheld or 270,000 shares were by the external major shareholders.  In 2019, the registered capital was increased to 90.00 million baht, divided into 900,000 shares. Miss Chomduen Satavuthi had 3.33% or 30,000 shareheld,	The transaction would be done by the major shareholders to service the business of alternative energy installation. The Audit Committee acknowledged, considered and was of opinion that such transaction was rational.
<b>2. Property lease from Mrs. Kongmuang Dangpibulskul</b>	Mrs. Kongmuang Dangpibulskul is related to Mr. Suwat Dangpibulskul, who is the Company's Chairman of Director and President of Executive Board.	The Company leased 2 units of 3-storey shop-houses on Land Deed No.40803 and 40804 with area 21.2 and 17 square wah, respectively. The property is located on 267/157-8 Sukhumvit Road, Maptaput Sub-District, Muang District, Rayong Province to be used as employee's residence. The lease rate was at Baht 20,000 a month.  The Company paid Baht 0.24 million during each of 2018 and 2019.	This transaction was to lease employee's residence to facilitate the operation and customer service. The lease rate was fair when compared to the same location. The Audit Committee evaluated the transaction and was of opinion that the transaction was rational and done at a fair price.
<b>3. Property lease from Mr. Thanun Satavuthi</b>	Mr. Thanun Satavuthi, Deputy Managing Director, is son of Mr. Suwat Dangpibulskul, Chairman of the Boards and President of Executive Board. and Ms. Chomduen Satavuthi, Director / Executive Director / Managing Director and nephew of Mr. Krikkiat Satavuthi, Directors / Executive Director	The Company leased 2-storey houses on Land Deed No.80399 and 80400 with area 81 and 81 square wah, respectively. The property is located on Huamark Sub-District, Bangkok District, Bangkok Province to be used for office buildings expansion. The lease rate was at Baht 18,000 a month.  The Company paid Baht 0.216 million during each of 2018 and 2019.	This transaction was to lease for the expansion of office buildings to accommodate the office expansion, ie. Finance / Account, CRD and NDT inspection for more efficiency. The lease rate was fair when compared to the nearby location. The Audit Committee evaluated the transaction and was of opinion that the transaction was rational and done at a fair price.
<b>4. Use Mr. Thanun Satavuthi personal assets as collateral for the Company's loan.</b>	Mr. Thanun Satavuthi, Deputy Managing Director, is son of Mr. Suwat Dangpibulskul, Chairman of the Boards and President of Executive Board. and Ms. Chomduen Satavuthi, Director / Executive Director / Managing Director. and Nephew of Mr. Krikkiat Satavuthi, Directors / Executive Director	The transaction occurred by using the personal assets on Land Deed No.80399 and 80400 with area 81 and 81, total at 162 square wah were guaranteed on credit limit and mortgage loan to the financial institution, according to the mortgage contracts of the Company in the credit lines of Baht 70.00 million  In 2018 and 2019, the transaction remained the same.	The Company has loaned from a financial institution for the significant business expansion and in full amount existing necessity. The Audit Committee evaluated the transaction and was of opinion that the transaction was necessary for the Company's business operations.



# CONNECTED TRANSACTIONS

Name / Nature of Business	Relationship	Nature and value of transactions	Necessity and rational of transaction
5. Directors guarantee the Company's loan.	Miss Chomduen Satavuthi, Director / Executive Director / Managing Director. and Mr. Suwat Dangpibulskul, Chairman of the Board and President of Executive Board.	<p>Joint personal guaranteed in full amount to the financial Institutes, separate by the following types :</p> <p><b><u>The overdraft credit</u></b></p> <p>In 2018, the overdraft credit amount of Baht 20.00 million, 30 million, 30.00 million, 9 million and 5 million baht respectively, total of 94.00 million baht.</p> <p>In 2019, the remain amount of 89 million baht. In this, 5.0-million-baht loan were reclassified for a fixed duration instead.</p> <p><b><u>The promissory note</u></b></p> <p>In 2018, the promissory note amount of 50 million baht</p> <p>In 2019, additional amount of 34.4 million, Total amount of 84.4 million baht.</p> <p><b><u>The letter of guarantee</u></b></p> <p>In 2018, the letter of guarantee credit limit of Baht 67.00 million, 30.90 million baht, 20.00 million and 20.60 million baht respectively, total amount of 138.50 million baht.</p> <p>In 2019, the credit limit remained the same.</p> <p><b><u>The guarantee of time - limit credit line</u></b></p> <p>In 2018, guarantee the credit line on a time limit, the total amount of 88.50 million baht.</p> <p>In 2019, the guarantee remained the same.</p>	The Company has loaned from some financial institutions for the significant business expansion and in full amount existing necessity. The Audit Committee evaluated the transactions and was of opinion that the transactions were necessary for the Company's business operations.
6. Use directors' personal assets as collateral for the Company's loan.	Miss Chomduen Satavuthi, Director / Executive Director / Managing Director.	<p>In 2018, the transactions were remained the same, they were as follows:</p> <p>(1) Lands of NorSor 3 Kor No. 1266 and 1481 BeungNaRang District, Pichit Province were guaranteed on credit limit and mortgage loan of Baht 70 millionin.</p> <p>(2) 4 Lands of NorSor 3 Kor No. 610, 611, 1242 and 1243, Sri MaHaPoo District, Prachinburi Province were guaranteed on credit limit and mortgage loan of Baht 20.0 million to the financial institution.</p> <p>(3) Land Deeds No. 33733 and 33734 MabKah Sub-district, NikomPattana District, Rayong were guaranteed on credit limit and mortgage loan of Baht 33.00 million.</p>	The Company has loaned from some financial institutions for business operations. The Audit Committee evaluated the transaction and was of opinion that the transaction was necessary for the Company's business operations and its subsidiaries' activities.

## CONNECTED TRANSACTIONS

Name / Nature of Business	Relationship	Nature and value of transactions	Necessity and rational of transaction
<b>6. Use directors' personal assets as collateral for the Company's loan. (continued)</b>	Miss Chomduen Satavuthi, Director / Executive Director / Managing Director.	<p>(4) Land Deeds No. 143218, Saphansung Sub-district, Bangkok District, Bangkok with area 250 square wah has been mortgaged for increasing the asset guarantee with the mortgage debt of the Company.</p> <p>5) Land Deeds No. 77654, Banna Sub-district, Kabinburi District, Prachinburi with area 30 Rais was guaranteed on mortgage loan of Baht 11 million.</p> <p>In 2019, the transaction remained the same, except item (2). The land No. 1242 has been redeemed, while the loan amount remained the same.</p>	The Company has loaned from some financial institutions for business operations. The Audit Committee evaluated the transaction and was of opinion that the transaction was necessary for the Company's business operations and its subsidiaries' activities.
<b>7. Use directors' personal assets as collateral for the Company's loan.</b>	Mr.Suwat Dangpibulskul, Chairman of the Board and President of Executive Board.	<p>Pledge personal assets, the building and Land Deeds No. 17663, 17764, 17665 and NorSor 3 Kor No. 1981 Kudkhao Sub-district, Munjakeree District, Khon-kaen were guaranteed on overdraft credit of Baht 5.00 million and mortgage loan of Baht 50 million. The guarantee covered full amount of all credit limit.</p> <p>In 2018 and 2019, no transaction. The guarantees remained the same.</p>	The Company has loaned from a financial institution for business operations. The Audit Committee evaluated the transaction and was of opinion that the transaction was necessary for the Company's business operations.
<b>8. Enspect Group Co.,Ltd.</b>	Miss Chomduen Satavuthi, Director / Executive Director / Managing Director, was an authorized Directors of Enspect Group Co.,Ltd. and had 75% shareheld.	In 2018 and 2019, no transaction.	Due to Enspect Group Co.,Ltd had experiences and expertise in building and construction control. If necessary, the company had to hire the construction controller which was for the expansion project as planned, the transactions would be done in normal business practice similar to other suppliers, and would be done at a fair and market price. The transaction would be rational under the Audit Committee's evaluation.
<b>9. OIS (Thailand) Co.Ltd. (OIS)</b>	<p>The Company invested in 5% preferred shares or 102,000 shares.</p> <p>OIS (Thailand) Co.Ltd.'s Registered Capital were at 200,000 shares, 10 bath per share value, totally at 2 million baht.</p>	<p>OIS has been inactive since 2003. In 2015, OIS had registered the dissolution on December 30, 2015, in accordance with the resolution of the meeting of the company.</p> <p>In 2018 and 2019, the liquidation has not completed.</p>	OIS (Thailand) Co.,Ltd. was the engineering advisory services business. The Company has considered and realized the impairment loss on the entire amount of such investment since 2005.
<b>10. LTNDT Co., Ltd.</b>	The Company invested and held 70%, the Company in Lao PRD held 30% of the paid up capital.	In 2018 and 2019, no transaction.	LTNDT Co.,Ltd was a Nondestructive Testing and Inspection company and already got the Lao's BOI License for 15 years. The Audit Committee has evaluated the transaction and was of opinion that the transaction was rational.

## CONNECTED TRANSACTIONS

Name / Nature of Business	Relationship	Nature and value of transactions	Necessity and rational of transaction
<b>11. TNDT CM Co., Ltd.</b>	The Company invested and held 46%, Mr.Songyos Jormsri (Unrelated Person) held 46% and Min Khit Thit Mining Company Limited, Myanmar held 8% of the paid up capital.	In 2018, there were total advances payment at the amount of 59.90 million.  In 2019, total advances payment at the amount of 60.96 million.  These were the transaction of the subsidiaries, shown as advances payment in the financial statement of the Company.	TNDT CM Co.,Ltd was the Company registered in Thailand. The Business are Coal and Mineral Trading and Mine Business in Republic of the Union of Myanmar. The Audit Committee has evaluated the transaction and was of opinion that the transaction was rational. The project was suitable for investing and it was beneficial to the Company.
<b>12. MKTNDT Company Limited</b>	The Company invested and held 55%, and Min Khit Thit Mining Company Limited, Myanmar held 45% of the registered capital.	In 2018, the advances payments at the amount of Baht 7.32 million were remaining.  In 2019, the total advances payments at the amount of Baht 7.35 million.  These were the transaction of the subsidiaries as shown in the financial statement of the Company.	MKTNDT Company Limited was the Company registered in Republic of the Union of Myanmar. The Business was to supply and provided utilities systems and other related businesses in Republic of the Union of Myanmar. The Audit Committee has evaluated the transaction and was of opinion that the transaction was rational.The project was suitable for investing and it was beneficial to the Company.
<b>13. TNDT POWER Company Limited</b>	The Company invested and held 99.97% with 1 Director / Miss Chomduen Satavuthi and 2 Executives / Mr. Thanun Satavuthi and Miss Vajana Sakulraemrung, are authorized directors of TNDT Power Co., Ltd. and held 0.01% each.	There were advances payment to deposit the equipments, prepare the area and others of the power plant project in Republic of the Union of Myanmar.  In 2018, there were total advances payment at the amount of Baht 244.03 million.  In 2019, total advances payment were at the amount of Baht 252.87 million.  These were the transaction of the subsidiaries as shown in the financial statement of the Company.	TNDT POWER Company Limited was the Company registered in Thailand. The Business was Energy businesses both Domestic and International. The Audit Committee has evaluated the transaction and was of opinion that the transaction was rational. The project was suitable for investing and it would be extremely beneficial to the Company in the present and the future.
<b>14. PUTTARAKSA POWER Company Limited (Registered Capital of 100 Million Baht, Paid 25 Million Baht)</b>	Miss Chomduen Satavuthi, Director / Executive Director / Managing Director, was authorized Directors of Puttaraksa Power Co.,Ltd. and held 99.98% of shares and 2 Executives Mr. Som_ouy Tangchithavorngul and Miss Vajana Sakulraemrung, were authorized directors of Puttaraksa Power Co.,Ltd.  The 3 Directors held 0.01% each.	In 2018 and 2019, the company had interest receivable in the amount of 98,476.66 and 72,842.38 baht respectively.  In 2019, Thai Nondestructive Testing Public Co., Ltd. (TNDT) had a resolution on 19th December, 2019 to acquire the business of Puttaraksa Power Co.,Ltd. in the amount of 24.980 Million Baht later. (The transaction was business acquisition from the related person.)	PUTTARAKSA POWER Company Limited was the Company registered in Thailand. The Business are Energy and Consumables. The Audit Committee has evaluated the transaction and was of opinion that the transaction was rational.The project was suitable for investing and it would be extremely beneficial to the Company in the future.

# CONNECTED TRANSACTIONS

## Measures and Procedures for Connected Transaction Approval

The Company has determined the measures and procedures to approve the connected transaction. In order to engage in any transaction that may involve the person who may have conflict of interest, the transaction must be examined by the Audit Committee and approved by the Board of Directors, whereby the Audit Committee must be presented. To resolve such transaction, the Director who has potential conflict of interest cannot vote on the agenda.

## Policy or Tendency for the Future Connected Transactions

In the future, if it is necessary for the Company to have connected transaction with person who may have conflict of interest, the Company has a policy to determine various requirements to ensure normal business practice at the market price that could be compared if done with the other party. In all, the Company shall assign the Audit Committee, the Company's accounting auditor, or independent specialist to evaluate the rational of the transaction and the pricing.

For the future connected transaction, directors must comply with the stipulated requirements. The Directors must not approve any transaction that he or the related person may have potential conflict of interest with the Company. Directors must disclose the transaction to the Board of Directors for consideration and approval. The Company shall comply with the Securities and Securities Exchange Regulations and any relevant regulation, announcement or order of the Stock Exchange of Thailand. The Company shall also comply with the regulation concerning information disclosure of the connected transaction and asset acquisition or disposal of the Company or subsidiaries. The Company shall not carry out the connected transaction on the activities irrelevant to the normal business operation.

In all, if there is any connected transaction between Thai NDT Public Company Limited and a person that may risk conflict of interest or may cause the conflict in the future, the Company shall assign the Audit Committee to comment on the pricing, compensation, and the necessity and appropriateness of the transaction. In the case where the Audit Committee are not proficient enough to consider the transaction, the Company shall have independent specialist or accounting auditor commenting on the transaction to assist decision making process of the Board of Directors or shareholders. The Company shall disclose the connected transaction in the notes to financial statements of the audited financial statements from the Company's auditor.

## Investor's Protection Measures

To protect investors, if there will be connected transaction between the Company and the persons that may risk conflict of interest, connected transaction, or may create conflict in the future, the Company's Board of Directors, with participation of the Audit Committee, shall oversee the transaction approval process to ensure that the transaction is done fairly at appropriate price. The Company shall comply with the Securities and Securities Exchange Regulations and any relevant regulation, announcement or order of the Stock Exchange of Thailand. The Company shall also comply with the regulation concerning information disclosure of the connected transaction and major asset acquisition or disposal of the Company or subsidiaries.



# SHAREHOLDING STRUCTURE

As of December 31, 2019, the Company's issued and paid-up capital of Baht 100,000,000 divided into 100,000,000 common shares with a par value of Baht 1 per share.

## 1. Major Shareholders

The Company's top 10 shareholders, whose names were listed on the Record Date (RD) for the shareholders' meeting (XM) on March 10, 2020, comprised of :

Name	Number of Shares	%
<b>1. The Ms. CHOMDUEN SATAVUTHI consist of<sup>1</sup></b>		
1.1 Ms. Chomduen Satavuthi	38,833,940	38.83
1.2 Mr. Krirkkiat Satavuthi	4,270,000	4.27
1.3 Mr. Suwat Dangpibulskul	2,716,200	2.72
1.4 Mr. Anusorn Satavuthi	1,537,500	1.54
1.5 Mrs. Juraistri Satavuthi	1,350,400	1.35
1.6 Ms. Rassiya Satavuthi	474,900	0.47
<b>Total</b>	<b>49,182,940</b>	<b>49.18</b>
<b>2. The PAN-NGUM consist of</b>		
2.1 Mr. Ittiphol Pan-ngum	1,903,000	1.90
2.2 Mrs. Wattanee Pan-ngum	1,570,000	1.57
2.3 Mr. Settha Pan-ngum	650,000	0.65
2.4 Mrs. Thippawan Satphaibulkij	245,500	0.25
<b>Total</b>	<b>4,368,500</b>	<b>4.37</b>
3. Mr. Charoen Vattasingha	4,100,000	4.10
4. Mr. Asa Ninnart	2,140,000	2.14
<b>5. The WONGKUSONLERD consist of</b>		
5.1 Mr. Sompong Wongkusonlerd	2,235,000	2.24
5.2 Ms. Patinya Wongkusonlerd	100	0.00
<b>Total</b>	<b>2,235,100</b>	<b>2.24</b>
<b>6. The SATHIENSAKPONG consist of</b>		
6.1 Mr. Muangthong Sathiensakpong	2,000,100	2.00
6.2 Mrs. Pimpaka Sathiensakpong	10,000	0.01
6.3 Mr. Nutthun Sathiensakpong	3,900	0.00
6.4 Mr. Surin Sathiensakpong	2,000	0.00
6.5 Mr. Chaipreuk Sathiensakpong	1,500	0.00
<b>Total</b>	<b>2,017,500</b>	<b>2.02</b>



## SHAREHOLDING STRUCTURE

Name	Number of Shares	%
<b>7. The SAKULRAEMRUNG consist of</b>		
7.1 Ms. Vajana Sakulraemrung	1,974,000	1.97
7.2 Ms. Naiyana Sakulraemrung	11,000	0.01
<b>Total</b>	<b>1,985,000</b>	<b>1.98</b>
8. Miss Janthawan Charoontham	1,560,000	1.56
9. Mr.Suchai Lertpichet	1,238,800	1.24
10. Mr. Samrit Phitaksemakul	1,090,000	1.09
<b>Total top 10 major shareholders</b>	<b>69,917,840</b>	<b>69.92</b>
<b>Others</b>	<b>30,082,160</b>	<b>30.08</b>
<b>Total</b>	<b>100,000,000</b>	<b>100.00</b>

### Remark:

<sup>-1</sup>A group of majority shareholders of the Company, namely, the Ms.CHOMDUEN SATAVUTHI consisted of Ms. Chomduen Satavuthi, Mr. Krirkkiat Satavuthi, Mrs. Juraistri Satavuthi, Mr. Anusorn Satavuthi, Ms. Rassiya Satavuthi, and Mr. Suwat Dangpibulskul (collectively called "the Majority Shareholders") were a group of acting in concert, according to the Capital Market Commission Board announcement (TorJor.7/2552) under "The specifications of relationship or behavior described as "acting in concert" and the provision of Section 246 and Section 247 of the Securities and Exchange.

- Investors can view the current information as of the Record date (XM) at the Company Website ([www.tndt.co.th](http://www.tndt.co.th)), "Investor Relations" section of "the shareholders information".

## 2. Distribution of Shareholders by Nationality on March 10, 2020.

Shareholders	Grand Total			Corporations			Individuals		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
Thai Shareholders	1,161	99,988,989	99.99	2	575,005	0.58	1,159	99,413,984	99.41
Foreign Shareholders	4	11,011	0.01	1	10,000	0.01	3	1,011	0.00
<b>Total</b>	<b>1,165</b>	<b>100,000,000</b>	<b>100.00</b>	<b>3</b>	<b>585,005</b>	<b>0.59</b>	<b>1,162</b>	<b>99,414,995</b>	<b>99.41</b>

## 3. Dividend Policy

The Company has the policy to pay dividend to shareholders in the amount of no less than 40% of net profits after allocating legal reserves as determined by the Company's regulations and relevant laws given that the Company has no other important use of such fund, and such dividend payment does not significantly affect the normal operations of the Company.



# SHAREHOLDING STRUCTURE

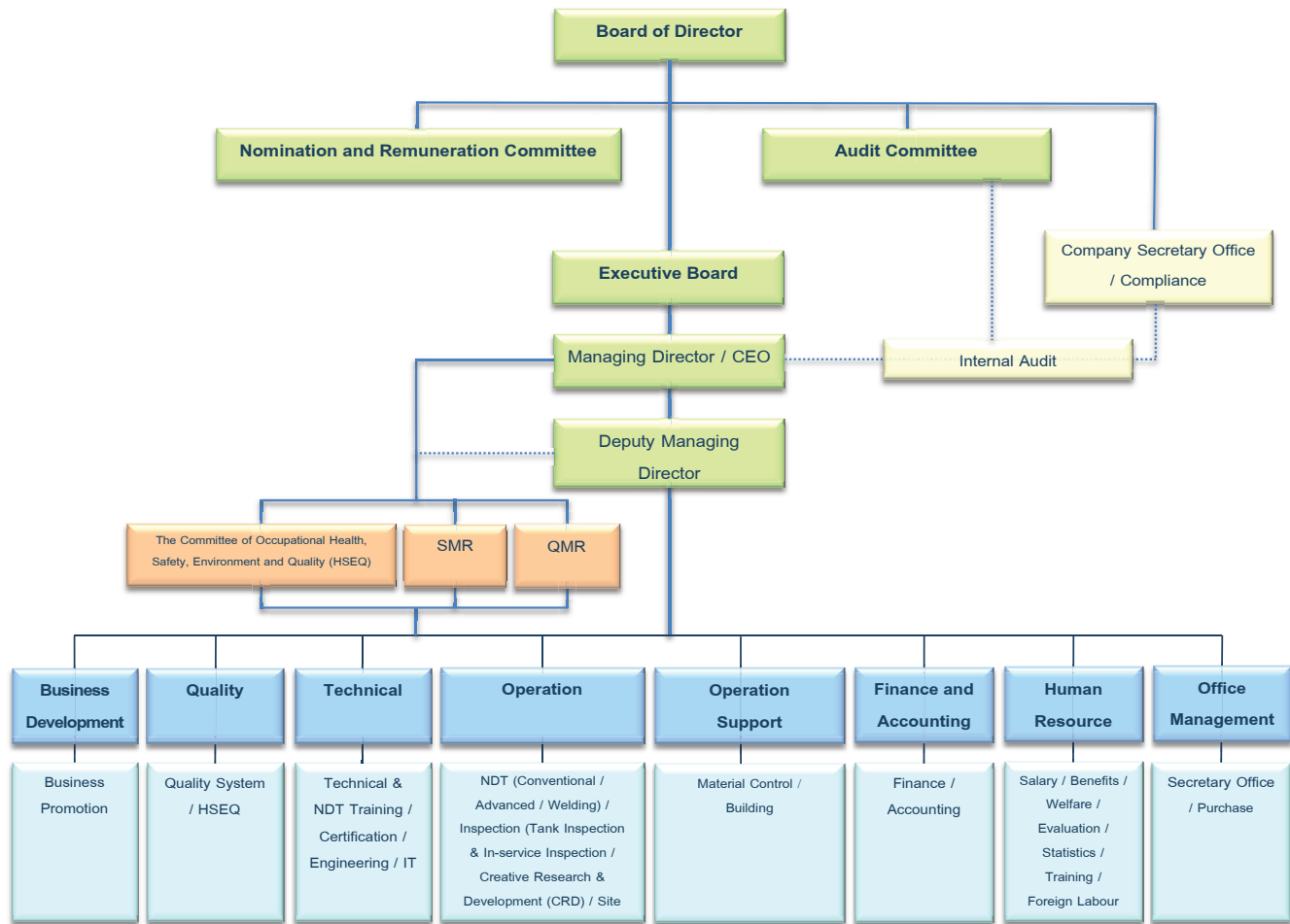
## 4. The information of securities holding of the Directors and the Executives in year 2019.

No.	The Directors and the Executives Name	Position	As December 31, 2020 (Ratio / No. of Shares)	As December 31, 2019 (Ratio / No. of Shares)	Increase/ (Decreases)	% Change
1.	Mr. Suwat Dangpibulskul	- Chairman of the Board - President of Executive Board	2.72% / 2,716,200	1.83% / 1,831,000	885,200	48.35
	Spouse / Immature Children		38.83% / 38,833,940	43.83% / 43,833,940	5,000,000	11.41
2.	Mr. Chaya Jivacate	- Vice Chairman of the Board - Director of Nomination and Remuneration Committee	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00
3.	Miss Chomduen Satavuthi	- Director / Executive Director / Managing Director	38.83% / 38,833,940	43.83% / 43,833,940	5,000,000	11.41
	Spouse / Immature Children		2.72% / 2,716,200	1.83% / 1,831,000	885,200	48.35
4.	Mr. Krirkkiet Satavuthi	- Director / Executive Director	4.27% / 4,270,000	4.27% / 4,270,000	-	00.00
	Spouse / Immature Children		-	-	-	00.00
5.	Squadron Leader Anek Panturaks	- Director	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00
6.	Dr. Wicha Jiwalai	- Independent Director / Director of the Audit Committee / Chairman of the Nomination and Remuneration Committee	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00
7.	Mr. Vichai Watcharavathanakul	- Independent Director / Director of the Audit Committee / Director of Nomination and Remuneration Committee	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00
8.	Dr. Jumpon Kluaymai-ngarm	- Independent Director / Director of the Audit Committee	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00
9.	Mr. Thanun Satavuthi	- Deputy Managing Director	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00
10.	Mr. Sahawat Techachan	- Business Development Manager	lower than 1 % / 10	lower than 1 % / 10	-	00.00
	Spouse / Immature Children		-	-	-	00.00
11.	Mr. Tin Maung Aye	- Technical Manager	lower than 1 % / 10	lower than 1 % / 10	-	00.00
	Spouse / Immature Children		-	-	-	00.00
12.	Mr. Somouy Tangchithavornkul	- Operations Manager / HSEQ Manager Quality Manager	lower than 1 % / 10	lower than 1 % / 10	-	00.00
	Spouse / Immature Children		-	-	-	00.00
13.	Mr. Thammarath Sroysomboon	- Operations Manager / Operation Support Manager	lower than 1 % / 10	lower than 1 % / 10	-	00.00
	Spouse / Immature Children		-	-	-	00.00
14.	Miss Vajana Sakulraemrungs	- Office Management Manager (Secretary Office and Purchasing Division) / Human Resource Manager	1.97% / 1,974,000	1.97% / 1,974,000	-	00.00
	Spouse / Immature Children		-	-	-	00.00
15.	Mr. Niyom Minivathakorn	- Finance and Accounting Manager	-	-	-	00.00
	Spouse / Immature Children		-	-	-	00.00

### Remark:

As of December 31, 2019 and December 31, 2018, the Company's issued and paid-up capital of Baht 100,000,000 divided into 100,000,000 common shares with a par value of Baht 1 per share.

# MANAGEMENT STRUCTURE



The Company in year 2019 has 4 boards as follows:

Director 's Name		Board of Directors	Nomination and Remuneration Committee	Audit Committee / Independent Director	Executive Board
1. Mr. Suwat	Dangpibulskul	x	-	-	x
2. Mr. Chaya	Jivacate	/	/	-	-
3. Miss Chomduen	Satavuthi	/	-	-	/
4. Mr. Krirkkiat	Satavuthi	/	-	-	/
5. Squadron Leader Anek	Panturaks	/	-	-	-
6. Dr. Wicha	Jiwalai	/	x	x	-
7. Mr. Vichai*	Watcharavatanakul	/	/	/	-
8. Dr.Jumpon*	Kluaymai-ngarm	/	-	/	-

Remark :

- x = Chairman  
 / = Director  
 \* = A Director proficient and graduate in accounting.



# MANAGEMENT STRUCTURE

## **Board of Directors**

The Board of Directors consists of 8 Directors, with 3 Executive Directors and 5 Non-Executive Directors, 3 of whom are Independent Directors.

### **Authorized Directors**

Miss Chomduen Satavuthi co-signs with Mr. Chaya Jivacate, Mr. Suwat Dangpibulskul, Mr. Krirkkiat Satavuthi, or Squadron Leader Anek Panturaks with the Company's seal affixed.

### **Authority and Responsibilities of Chairman of the Board of Directors**

1) Responsible as the leader of the Board of Directors to oversee, monitor, supervise, and the duties' performance of the Executive Board and other Committees to make them achieve the objectives, policies, and goals of the organization pursuant to the specified plan efficiently and effectively.

2) Ensure that all directors contribute to the company's ethical culture and good corporate governance. The board should assume a leadership role in creating and driving a culture of compliance and ethical conduct throughout the company, and lead by example.

3) Set the board meeting agenda by discussing with the CEO and Independent Director to ensure that important matters are included in the agenda and proposed thoroughly to the meeting.

4) Call the Board of Directors' meeting and overseeing the delivery of the notice which included the sufficient documents and having time for the Directors to consider.

5) Act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting and controls the meeting effectively in accordance with the Company's Article of Association and the agenda.

6) Allocate sufficient time for the Board and the Executives to propose all topics, and for Directors to debate important matters thoroughly, as well as encourage the Directors to exercise independent judgment for the best interest of the Company.

7) Act as a decisive vote in Board meetings in case of equal votes of both sides.

8) Promote the constructive relations between all the Committees, and between the Directors and the Executives.

9) Oversee and monitor the disclosure of information, in compliance with relevant rules and regulations, on the annual information disclosure form (Form 56-1), annual report (Form 56-2) and the company website [www.tndt.co.th](http://www.tndt.co.th)

### **Authority and Responsibilities of the Board of Directors**

#### **Strategy / Policy**

1) Specify, review and approve the vision, mission, commitment, policies, strategies, goal, business plans, budget and operating direction of the Company annually, as well as allocate the significant resources appropriately by deploying the suitable technology and innovation, and having the access protection system, in order for the effective and efficient performance as specified.

2) Oversee and monitor the business operations to be tailored to changing internal and external factors appropriately, by adhering on the corporate governance, ethics and good moral, the activities that benefit to society as a whole and does not affect directly and indirectly to all stakeholders.

The Executives is assigned to set up, review and develop the policies/manuals, such as the Charter of the Board of Directors, Principles of Corporate Governance, the Code of Business Conduct or Anti-corruption policy in written, to communicate to directors, executives, and employees for adhering as a common practice.

3) Consider, select, appoint, remove, transfer and determine Authority and Responsibilities of the Board of Directors, sub-Committee, Managing Director / CEO, and Company Secretary Including Executives.

#### **Role and Duties**

1) Perform duties in accordance with Authority and Responsibilities in accordance with the laws, regulations, objectives, and the Company's Article of Association including other relevant matters as well as the resolutions of the Board of Directors and the shareholders' meeting compliance with their fiduciary duties for the Company's best interest.

2) Responsible for shareholders' right on equitable basis and operate with the shareholders' best interest at heart. Ensure information disclosure is accurate, complete, transparently, timely and in compliance with the relevant regulations, rules, and regulations of the relevant agencies.

3) Review and approve, as well as to supervise and monitor the performance regularly, to ensure that the operations are in line with the policy.

## MANAGEMENT STRUCTURE

4) Consider and approve the Company's authority plan regarding the necessary and relevant matters to the Company or beneficial to the business of the Company. The authorities of the Board of Directors are as follows:

4.1 Authorize the search for and the investment in properties, when the budget is more than the authority of the Executive Board.

4.2 Authorize the search for, repair and sales of the movable assets, when the budget is more than the authority of the Executive Board.

4.3 Authorize the investment, the sales in equities, and/or debt instruments when the budget is more than the authority of the Executive Board.

4.4 Authorize the founding, merging or dissolution of the subsidiaries.

4.5 Authorize the obtaining or cancellation of the credit facilities when the budget is more than the authority of the Executive Board.

4.6 Authorize the loaning to the companies that is also the Company's shareholders or to companies that engage in business deals together or to any other companies when the budget is more than the authority of the Executive Board.

4.7 Authorize the guarantee of the credit facilities to the companies that is also the Company's shareholders or to companies that engage in business deals together or to any other companies when the budget is more than the authority of the Executive Board.

5) Appoint / authorize a director, several directors, or any other persons ("Attorney") to perform any actions on behalf of the board of directors under the extent authorized by the Board of Directors deems appropriate. The Board of Directors may cancel, withdraw, change or revise authorizations as deemed necessary.

Thus, authorizations must not have characteristics of allowing the aforementioned persons to consider and/or approve of transactions in which they or other persons with potential conflicts of interests as stakeholders or other potential conflicts of interest with the company or its subsidiaries, except for approval of routine business transaction according to normal trade conditions or according to policies and criteria considered and approved by the Board of Directors under criteria, conditions and designated methods concerned with connected / related transactions and acquisition or distribution transaction of key properties of registered companies according to announcements by the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or any other announcements by related agencies.

6) Consider, appointment, the scope of authority and responsibilities, Management Structure of the Executive Committee, Managing Director and Sub-Committees such as the Audit Committee, the Nomination and Remuneration Committee, etc., as appropriate.

7) Consider / appoint / determine the scope of authority, responsibility, management structure in written for individuals who act as a director, executive or authorized person in a subsidiary, in order to perform the duties as assigned and in accordance with the subsidiary's policy. They are to protect the interests of subsidiaries and in compliance with the policy of the parent company, including to disclose important information, such as connected transactions or capital increase/reduction transactions, etc.

8) Consider and approve the guidelines and policies of the remuneration of the Company's Directors and the Top Executives by the Board Nomination and Remuneration Committee present.

9) Consider and approve the remuneration of the Board of Directors as proposed by the Nomination and Remuneration Committee before proposing to the shareholders for approval.

### Overseeing and Monitoring Compliance

1) Oversee and monitor the executives to perform various matters according to the policies, goals and defined work plans to increase the maximum economic value to the Company and report of the performance to the Board for acknowledgment and evaluation of performance.

2) Oversee and monitor the Company's compliance with regulatory laws, rules and regulations of the Securities and Exchange Commission (SEC), the Capital Market Commission, the Stock Exchange of Thailand (SET) and / or agencies associated with the Company's business.

3) Oversee the directors to take responsibilities and allocate sufficient time to enable performing their duties as assigned.

4) Determine, review and approve the charter of the Board of Directors and Sub-Committees annually and perform the duties completely.





# MANAGEMENT STRUCTURE

- 5) Consider and approve the Report of The Sub-Committees' responsibilities and the Accountability to Financial Report.
- 6) Have the policy to empower non-executive directors, independent directors/audit committee / non-executive directors mutualize the meeting as necessary, to discuss various matters regarding the management as their interesting without the management attending.

## **Company Secretary**

Ms. Sasiprapha Saengchai, Company Secretary, Office Management Department was appointed as Company Secretary according to the resolution of the Board of Directors Meeting No. 4/2012 on November 8, 2012.

## **Audit Committee**

The Audit Committee consists of 3 Directors, all the members are non-executive directors, non-employees or consultants of the Company and possess all required qualifications as stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

### **Authority and Responsibilities of the Audit Committee**

#### **Overseeing and Monitoring Compliance**

- 1) Review the Company's financial report and monitor the disclosure transparency and appropriateness.
- 2) Review the Company's internal control and audit systems adequately and efficiently, review internal auditor's independence and approve the appointment, remove, dismiss and evaluate the chief of the internal audit unit or any other unit in charge of an internal audit, as well as determine operating framework and schedule of internal audit unit.
- 3) Review the Company compliance with the laws and regulations imposed by the Securities and Securities Exchange, the SET's regulations and any relevant regulations concerning the business operation, including overseeing the Company's Compliance unit.
- 4) Consider, select and nominate independent accountants to be the Company's auditor as well as propose the auditor's remuneration and dismiss the auditor, including establishing operation guideline with the certified public accountant. The Committee shall meet with the auditors at least once a year, without the management attendance.
- 5) Ensure accurate and complete information disclosure in case of connected transaction or any transaction that may raise conflict of interest issues and that transactions are entered with reasonableness for the benefit to the Company.
- 6) Consider other issues that may affect the Company's business and propose them to the Board of Directors for consideration.
- 7) Report the performance of the Audit Committee in accordance with the regulations of the SET including related agencies and published in the Company's Annual Report. The report must be signed by the Chairman of the Audit Committee and must contain the following minimum information:
  - (7.1) Opinions on the accuracy, completeness and credibility of the Company's financial report.
  - (7.2) Opinions on legal compliance on the rule and regulations of the SEC and the SET or laws related to the Company's business.
  - (7.3) Opinions on sufficiency of the Company's internal control system.
  - (7.4) Opinions on auditor's suitability.
  - (7.5) Opinion on potential conflict of interest transactions.
  - (7.6) Number of Audit Committee's meetings and meeting attendance by each audit director.
  - (7.7) Overall opinion or observation rendered by the Audit Committee receives on execution of duty in line with charter.
  - (7.8) Other transactions that should be known by shareholders and general investors with the scope of the duties and responsibilities set forth by the board of directors.
- 8) Act in other issues as assigned by the Board of Directors with the consent of the Audit Committee.

# MANAGEMENT STRUCTURE

## Corporate Governance

(1) In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may significantly affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for corrective action within the appropriate time.

(1.1) any transaction which cause a conflict of interest.

(1.2) any indication or corruption case, or significant defect in the internal control system

(1.3) any violation or illegal practice of the SEC and SET's regulations or any related law to the Company's business.

If the Board or the Executive do not take any corrective action on the time prescribed by the Audit Committee, the Committee must disclose such action in the annual report and report to the SEC or the SET.

(2) Review policy and guidelines for prevention and anti-corruption as well as assessing the risk of corruption that may occur in all process. The Company also promote and encourage employees to cultivate awareness and practices.

(3) Review the practices and rearrange the policies, including guidelines on ethics and code of business conduct, CG principles and CSR at least once a year, and propose to the Board of Directors for acknowledgment and approval. The Corporate Governance Report is published in the Company's annual report. The report must be signed by the Chairman of the Audit Committee.

(4) Review the Company's operation to comply with the SET, SEC's regulations and other standards related to the business operation of the Company.

## Audit Committee Secretary

Ms. Sasiprapha Saengchai, Company Secretary, Office Management Department was appointed as Audit Committee Secretary according to the resolution of the Audit Committee Meeting No. 4/2012 on November 8, 2012.

## The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 Directors, 2 independent Directors and 1 non-Executive Director, of whom more than half of the Directors are Independent Directors.

### Authority and Responsibilities of the Nomination and Renumeration Committee

#### Nomination

1) Consider the board structure, in terms of size, composition, and the proportion of Independent Directors in the Board of Directors to be appropriate to the business, organization, and the relevant environment.

2) Consider, set up and review the guidelines and policies in nominating the Board of Directors and other Committee Members, including the qualifications of Board Members and Top Executives or key positions in the management structure on the Company's Good Corporate Governance Manual and Succession Plan. The guideline and policies are also reviewed annually and proposed to the Board of Directors at least once a year.

3) Nominate the candidates for the position of Directors, Committee Members who retired by rotation and / or appointed to the appropriateness of the structure and qualifications of the Board of Directors to meet the required specifications. The nominees have to be proposed to the Board of Directors and/or to the meeting of shareholders for approval (case by case basis).

4) Prepare a Skill Matrix development plan to continuously improve skills, knowledge and relevant abilities in order to achieve the performance objectives, goals and the best interests of the organization.

5) In case the Board of Directors has appointed any individuals to be a consultant, his/her information including independence or no conflict of interest shall be disclosed in the annual report.

6) Coordinate to arrange orientation for new directors according to the guidelines of the Stock Exchange of Thailand and the Development Plan.

7) Assess the performance of Managing Director and propose to the Board of Directors for approval.

8) Perform other issues relating to the nomination as assigned by the Board of Directors, with the consent of the Nomination and Remuneration Committee.



# MANAGEMENT STRUCTURE

## Remuneration

1) Consider and review the guidelines and policy of remuneration for the Board and Committees, both monetary and non-monetary of which are the fixed rate of remuneration (such as Meeting Allowance and Remuneration Allowance), and remuneration depending on the company's operation results (such as bonus) with principles or guidelines and structure which are fair and reasonable. Moreover, the review of guidelines and policy shall be consistent with the strategies and long-term goals of the company, by comparing to other company in the related industry and at a similar level, as well as being accountability and responsibility both regular and assigned duties and considering the business expansion and the growth of the company's profits, then propose to the Shareholders' Meeting for approval.

2) Consider and review the guidelines and policy of remuneration for the Managing Director, which includes wages, yearly bonus and other benefits, both monetary and non-monetary, with principles or guidelines and structure which are fair and reasonable. The review of guidelines and policy shall be consistent with the strategies and long-term goals of the company, by comparing to other company in the related industry and at a similar level, as well as being accountability and responsibility both regular and assigned duties and considering the business expansion and the growth of the company's profits

3) In case the Board of Directors has appointed any individuals to be a consultant, his/her information including independence, or no conflict of interest shall be disclosed in the annual report.

4) Perform other issues relating to the remuneration as assigned by the Board of Directors with the consent of the Nomination and Remuneration Committee.

## Corporate Governance

1) Support the Company to allow the shareholders to nominate directors to replace those who retired by rotation prior to the Annual General Meeting.

2) Provide policy, guideline and the performance assessment, as well as consider Self Assessments of Board, Committees and Executives both on an individual and team basis including the senior management assessment, then proposed to the Board of Directors for approval.

3) Perform other issues relating to the corporate governance as assigned by the Board of Directors with the consent of the Nomination and Remuneration Committee.

4) Determine, review and proposed the charter of the Nomination and Remuneration Committee to the Board of Directors for approve annually and perform the duties completely.

5) Report the duties as required by the SET as well as the relevant authorities and published in the Company's Annual Report. The report must be signed by the Chairman of the Nomination and Remuneration Committee.

## Nomination and Remuneration Committee Secretary

Ms. Sasiprapha Saengchai, Company Secretary, Office Management Department was appointed as Nomination and Remuneration Committee Secretary according to the resolution of the Nomination and Remuneration Committee Meeting No. 1/2014 on November 11, 2014.

## Executive Board

### Authority and Responsibilities of the Executive Board

1) Determine the policies, strategies, work plans, command, corporate plans and targets for the Company's business, to comply with the policies as determined by the Board of Directors.

2) Plan the investment and capital raising process according to the Company's policies.

3) Approve the appointment of consultant as necessary for business operations.

4) Determine the employee's benefits as appropriate to situations, cultures and relevant regulations.

5) Approve the procurement, cancellation, or selling of assets, investments and other expenses necessary for business operations, the details are mentioned in the authority plan.

6) Approve the asset procurement, expenses due to the Company's operations, under the contract and/or the agreement with the business partners. The details are mentioned in the authority plan.

## MANAGEMENT STRUCTURE

7) Authorize the Managing Director to operate the business within the scope of authority and responsibility as determined by the Executive Board under the supervision of the Executive Board.

8) Authorize any Executive Board or any person or persons to operate under the control of the Executive Board within a period of time deemed fitting by the Executive Board. The Executive Board may cancel, withdraw, change, or revise authorized persons or authorizations as deemed necessary.

9) Have authority and responsibility according to policies assigned by the Board of Directors.

The Scope of Authority for Approval of Executive Board is under the principles of laws and regulations of the SEC and SET or the laws that is related to the Company business as well as the Company's articles of association.

In all, any potential connected transaction or conflict of interests or related person by the law, regulations and/or article of association with the Company or subsidiaries. The transaction with such nature must be proposed to the Board of Directors and/or the Shareholders' meeting (depending on the issue) for approval according to the Company's regulations or relevant laws.

### **Executive Board Secretary**

Ms. Sasiprapha Saengchai, Company Secretary, Office Management Department was appointed as Executive Board Secretary according to the resolution of the Board of Directors Meeting No. 4/2012 on November 8, 2012.

### **Company Secretary**

To be in comply with The Securities and Exchange Act B.E. 2535 (amendment), the Resolutions of the Board of Directors to appoint Miss Sasiprapha Seangchai as Company Secretary and Executive Board Secretary by the meeting No. 4/2012 held on November 8, 2012, commencing on November 8, 2012 onwards. This person is successfully participated in training, seminars and related courses required, and being able to carry out the duties of the Company Secretary and support the Company business and the Board of Directors to adhere to related laws and regulations, and principles of Good Corporate Governance.

### **Duties and Responsibilities of the Company Secretary**

1) Being a Secretary to the Board of Directors by coordinating with all parties in organizing Board of Directors Meetings and Shareholders Meetings so as to adhere to principles of Good Corporate Governance and related regulations, the Company's Articles of Associations and best practices, and related laws such as the Securities and Exchange Act and the Public Limited Company Act B.E. 2535.

2) Coordinate and take responsibility for disclosing the Company's information in line with the SET's and SEC's regulations, and other regulatory bodies.

3) Provide basic advice to the Board of Directors and Management who have to follow the Company's Articles of Association, rules of the SEC and SET, and any new regulations that may be relevant to the Company.

4) Prepare and store the important documents such as the registration of the Company's directors, the invitation letter and minutes of the Board of Directors Meeting, the invitation letter and minutes of the Shareholders Meeting, the Annual Disclosure Information (56-1), the Annual Report (56-2), shares holding report of directors and management team, and reports of conflicts of interest filed by directors and the management.

5) Supervise various activities and events performed by the Board of Directors to ensure the efficiency and effectiveness of their works, and the greatest benefits to the Company.

6) Coordinate and arrange new director orientation.

7) Coordinate with related parties to ensure that the resolutions from the Board of Directors Meetings and the Shareholders Meetings are carried out.

8) Execute additional duties as assigned by the Board of Directors and the Securities and Exchange Commission announcement.

In case of the Company Secretary cannot perform her duties, the Board shall appoint a new Company Secretary within 90 days from the date the former secretary vacates office or fails to perform her duties.



# MANAGEMENT STRUCTURE

## Executives

Executives' Name		Position
1. Ms. Chomduen	Satavuthi	Managing Director
2. Mr. Thanun	Satavuthi	Deputy Managing Director
3. Mr. Sahawat	Techachan	Business Development Manager
4. Mr. Tin Maung Aye		Technical Manager
5. Mr. Somouy	Tangchithavornkul	Operational Manager / HSEQ Manager / Quality Manager
6. Mr. Thammarath	Sroysomboon	Operational Manager and Operation Support Manager
7. Ms. Vajana	Sakulraemrungs	Office Management Manager (Secretary Office and Purchasing Division) and Human Resource Manager
8. Mr. Niyom	Minivathakorn	Finance and Accounting Manager

### Authority and Responsibilities of the Managing Director

The Managing Director shall have authorities and responsibilities as assigned by the Board of Directors within the Company's regulations. The Responsibilities of the Managing Director can be summarized as follow.

- 1) Manage and control the Company's normal business operations.
- 2) Implement on any issue as assigned by the Board of Directors.
- 3) Oversee an overall business operation to be consistent with the policies provided by the Board of Directors.
- 4) Approve procurement, cancellation, or selling of assets, investments and other expenses necessary for business operation, details are mentioned in the authority plan.
- 5) Approve asset procurement, expenses due to the Company's operation, and/or contracts with the business partners, details are mentioned in the authority plan.
- 6) Consider business strategies and funds raising plan to propose to the Board of Directors by priority.
- 7) Hire, appoint and terminate employees, determine remuneration rate, give award, raise salary, remuneration and bonus for employees at all level according to the remuneration policies.
- 8) Open and close bank deposit accounts with financial institutions to facilitate normal business operation. The decision must be made base on the Company's best interest.
- 9) Approve the appointment of consultant as necessary for business operation through the Company's Board of Directors.

In all, the Managing Director must comply with the Company's regulations and the Board's resolution. The Managing Director must not approve any transaction that she or related person may potentially have conflict of interests with the Company or subsidiaries. The transaction with such nature must be disclosed to the Board of Directors for consideration.

The Managing Director cannot approve any actions other than what are mentioned above, unless assigned by the Board of Directors.



# SELECTION OF THE BOARD MEMBERS AND TOP EXECUTIVES

The Nomination and Remuneration Committee has the authority and responsibility in nominating and selecting. In all, the persons who will be appointed to be the Company's Directors and Top Executives must have qualifications according to the Section 68 of the Public Company Act B.E. 2535 and the Company's regulations. Moreover, the Directors and Executives must not have prohibited characteristics according to the Notification of Capital Market Supervisory Board No. Tor.Jor. 28/2551 concerning Request and Permission for New Share Issuance dated 15 December 2008, the selection process and criteria are as follows:

## 1. The Board of Directors Selection

### Process and Relevant Issues

Board member selection, appointment and termination process and relevant issues are determined in the Company's Regulations, which can be concluded as follows:

1. The Board of Directors shall comprise of no less than 5 members and no more than 15 members. The Board Members are appointed by the shareholders' meeting. The Board must consist of at least 3 directors, 3 years tenure/each, and 1/3 of Directors shall retire by rotation on the AGM of Shareholders.

The Board of Directors consists of 8 Directors, they are (1) 3 Executive Directors, 1/3 is a female director, having managerial skills, knowledgeable in the Company's business and discretionary in management, and (2) 5 Non-Executive Directors, 3 are Members of the Audit Committee / Independent Directors and Non-Executive Directors (more than 1/3 of the entire Board) and 2 are Non-Executive Directors, having various knowledge and expertise which is the best interests to the Company's operations. In these, at least half of the board members must reside in Thailand.

2. Independent Director must be qualified in accordance with the Notification of the Capital Market Supervisory Board No. Tor Chor. 4/2552 Re: concerning Request and Permission for New Share Issuance (Vol. 2).

### Definition of "Independent Director"

Independent Director refers to a Director whose qualifications are in line with the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stocks Exchange of Thailand (SET), as follows;

1) Holding shares not exceeding 0.5% of the total shares with voting right of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such Independent Director shall be included. (including the connected persons as stipulated in section 258 of Securities and Exchange's Act)

2) Being not or has never been an Executive Director, staff, employee, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same level subsidiaries, major shareholders, controlling parties of the Company or entities may have a conflict. Unless it is clear from the mentioned manner for not less than 2 years before his appointment as a Director.

3) Being not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of executives, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the Company or its subsidiaries.

4) Having no or never have business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, controlling parties of the Company or entities may have a conflict in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, controlling parties of the Company or entities may have a conflict. Unless it is clear from the mentioned manner for not less than 2 years before his appointment as a Director.



## SELECTION OF THE BOARD MEMBERS AND TOP EXECUTIVES

5) Being not the Director who is nominated to be the representative of Directors of the Company, major shareholders, or any other shareholder related to the major shareholders.

6) Being not or has never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of Company, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company. Unless it is clear from the above manner for not less than 2 years before his appointment as a Director.

7) Being not or has never been the professional service provider, including but not limited to legal service or financial advisor with received the service fee more than 2 million per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above-mentioned service firms. Unless it is clear from the mentioned manner for not less than 2 years before his appointment as a Director.

8) Doing not operate the same and competitive business with the business of the Company, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, advisor who receives salary, nor holds share for more than 0.5% of the total shares with voting right of any other company which operates same and competitive business with the business of the Company, or its subsidiaries.

9) Being no any characteristic, which is unable to have the independent opinion regarding the business operation of the Company.

### **Remark:**

The definition of Independent Directors of the Company which specify the configuration of the shareholding of Independent Director as on item 1) / 8) are more intensive than the minimum requirements of the SEC or the SET, regarding the shareholding in the Company, not more than 1 percent of share.

3. The shareholders' meeting shall select the board members using criteria and procedures as follow.

(1) A shareholder shall have one vote for each share held.

(2) A shareholder shall have votes according to the item (1) to vote for a candidate or multiple candidates, but, for the latter case, the vote may not be distributed for any particular candidates in any particular order.

(3) Candidates who receive highest numbers of vote, in ranking order, will be appointed as the directors according to the amount of vacant positions that must be appointed in such particular time. In case the selected candidates have equal votes exceed numbers of vacant positions in such particular time, the Chairman of the meeting shall make final decision.

4. During every Annual General Shareholders' Meeting, a-third of Board members at that time must retire by rotation. If the number of directors cannot be indivisible by 3, the closest number to a-third shall be used. The retired directors during the first and second years will be selected by taking draws. For the following years, the directors who are in the longest position shall be retired. The retired directors may be re-appointed to the positions.

5. Any director who wishes to resign from the position must submit the resignation letter. Such letter shall be effective on the date it reaches the Company.

6. To vote any director out of the position prior to the rotation period, the motion require 75% of total participating votes in the shareholders' meeting with shares no less than half of total shares held by participating shareholders.

# SELECTION OF THE BOARD MEMBERS AND TOP EXECUTIVES

## 2. Audit Committee Selection

### Process and Relevant Issues

The Company's Audit Committee must be of the Company's Directors, appointed by the Board of Directors. All of the Audit Committee members are not Executives, Employees, Consultants of the Company and possess all required qualifications as stipulated by the SET and any relevant announcement, Regulations, and/or order of the SET. The Audit Committee shall consist of no less than 3 members with at least a member proficient in finance and accounting. The term of tenure is 3 years, and not more than 9 years continued or 3 terms.

(See definition of "Independent Director" on item 1. The Board of Directors Selection)

## 3. Nomination and Remuneration Committee Selection

### Process and Relevant Issues

The Company's Nomination and Remuneration Committee shall consist of 3 members, they are 1 Non-Executive Director and 2 Independent Directors. The Resolutions of the Board of Directors has appointed the Nomination and Remuneration Committee by the Meeting No. 6/2014 held on November 10, 2014, while more than half of the entire members must be Independent Directors, and the Chairman of the Committee must be Independent Director. The 3 members must have qualifications as determined by the SEC Regulations and any relevant announcement, regulations, and/or order of the SET, together with having a 3 years term of tenure, and not more than 9 years continued or 3 terms from the date of appointment.

## 4. Executive Board Selection

### Process and Relevant Issues

The Board of Directors shall appoint the Executive Board from the Board members and/or management team as appropriate. The Board of Directors shall appoint a board member to preside over the Executive Board as the Chairman of the Executive Board. The Executive Board will manage the business as assigned by the Board of Directors or the resolution of the shareholders' meeting.

## 5. Executives Selection

### Process and Relevant Issues

Please see "Principle 4 : Ensure Effective CEO and People Management" the title of "2. Top-Executives and Executives Nomination", page 67

### Orientation for the New Director

Taking a position as new director, he/she will take an orientation to acknowledge significant information about the nature, structure and guidelines of the Company's business, including the objectives, goals, vision, mission, corporate values as well as legal advice, rules and conditions of being a listed company director on the listed company in the SET, in which are the relevant notifications, regulations and the Public Company Act, the Company Board's regulations, adequately before performing his/her duty. They are in accordance with the Board Orientation Guideline of the SET.

The Board also promotes and encourages new director to attend training, seminars on the courses related to the duty, there are courses of the Thai Institute of Directors Association (IOD), especially the Director Certification Program (DCP), Director Accreditation Program (DAP), including the SEC, the SET and other related association. They are for developing knowledge, capabilities and increasing skills continuously, which are beneficial to the performance of duty of director and are in accordance with the director development plan. This is done to comply with relevant laws and regulations and report to the board of directors in the next board meeting as well.



# DETAILS OF DIRECTORS

## 1. Mr. Suwat Dangpibulskul

Age 78 years

**Appointed:** 26 April 2007

**Position:**

- Chairman of the Board
- President of Executive Board

**Education:**

**Bachelor Degree**

- Medical Science, Mahidol University
- Law, Ramkamheang University

**Training organized by Thai Institute of Directors (IOD):**

Director Accreditation Program No. 61/2007

**Shareholding:** 2.23

**Board Member / Management in Other Listed Company:**

- None-

**Board Member / Management in Non-Listed Company:**

- None-

**Family Relation to Executive Directors:**

- Spouse / no marriage registration of Miss Chomduen Satavuthi

**Experience (In the past - present) :**

- 2007 - Present : - Chairman of the Board / President  
- Consultant - Radiation Technics  
- Consultant - Law and Finance  
Thai NDT Public Company Limited
- 1982 - 2007 : - Consultant - Radiation Technics - Law and Finance  
Thai NDT Public Company Limited
- 1978 - 1982 : - Trainer, Nondestructive Testing Institutions, government agencies and enterprises.  
: - Radiography Products Specialist  
KODAK (Thailand) Company Limited
- 1970 - 1988 : - Sales Manager  
Medical & Industrial Radiography Market Dept.  
and Motion Picture and Audio Visual Market Dept.  
KODAK (Thailand) Company Limited

**Tenure of Directors in TNDT:** 13 years

26 April 2007 - 28 April 2008  
28 April 2008 - 26 April 2010  
26 April 2010 - 22 April 2013  
22 April 2013 - 22 April 2015  
27 April 2015 - 23 April 2018  
23 April 2018 - Present

## 2. Mr. Chaya Jivacate

Age 82 years

**Appointed:** 27 April 2009

**Position:**

- Vice Chairman of the Board
- Member of Nomination and Remuneration Committee

**Education:**

**Master Degree**

Microwave Physics, University of Surrey, U.K.

**Bachelor Degree**

B.Sc.(2nd class honour) in Electrical Engineering,  
Chulalongkorn University

**Training organized by Thai Institute of Directors (IOD):**

Director Accreditation Program No. 80/2009

**Shareholding:** - None -

**Board Member / Management in Other Listed Company:** - None -

**Board Member / Management in Non-Listed Company:** - None -

**Family Relation to Executive Directors:** - None-

**Experience (In the past - present):**

- 2014 - Present : - Vice Chairman of the Board  
- Member of Nomination and Remuneration Committee  
Thai NDT Public Company Limited
- 2009 - Present : - Vice Chairman of the Board  
Thai NDT Public Company Limited
- Past - Present : - HONORARY FELLOW, AESIEP  
: - Chairman of the Advisory Energy for Environment Foundation (EforE)  
: - Director of Joint Research, Thailand Institute of Scientific and Technological Research (TISTR)  
: - Director of Project Management Center for Energy and Clean Technology (EC-TEC), National Science and Technology Development Agency (NSTDA)  
: - Director (Honorary Director/Expert) The Joint Graduate School of Energy and Environment (JGSEE)  
: - Vice Chairman of the Advisory Board of CES Solar Cells Testing Center - CSSC King Mongkut's University of Technology Thonburi (KMUTT)  
: - Consultant of Department of Alternative Energy Development and Efficiency  
: - Renewable Energy Consultant King Mongkut's University of Technology Thonburi (KMUTT)  
: - Secretary General of the Association of the Electricity Supply Industry of East Asia and the Western Pacific -AESIEAP  
: - Assistant Governor in Energy Management Electricity Generating Authority of Thailand

**Tenure of Directors in TNDT:** 11 years

27 April 2009 - 23 April 2012  
23 April 2012 - 27 April 2015  
27 April 2015 - 24 April 2017  
24 April 2015 - 29 April 2019  
24 April 2019 - Present

# DETAILS OF DIRECTORS

## 3. Miss Chomduen Satavuthi

Age 74 years

**Appointed:** 26 April 2007

**Position:**

- Director
- Executive Director
- Managing Director

**Education:**

**Master Degree**

Engineering - Nuclear Technology,  
Chulalongkorn University

**Bachelor Degree**

Chemistry Science,  
Chiang Mai University

**Training organized by Thai Institute of Directors (IOD):**

Director Accreditation Program No. 61/2007

**Shareholding:** 38.83

**Board Member / Management in Other Listed Company:**

- None -

**Board Member / Management in Non-Listed Company:** 2 companies

1. Director of Enspect Group Company Limited  
Type of Business :  
Building and Construction Control
2. Director of Phuttharaksa Power Company Limited  
(previously known as TNDT Ricebran oil Company Limited)  
Type of Business :  
Energy and Consumables

**Family Relation to Executive Directors:**

- Spouse / no marriage registration  
of Mr. Suwat. Dangpibulskul
- Elder Sister of Mr. Krikkiat Satavuthi

**Experience (In the past - present):**

- 2560 : - Management consultant  
Department of Nuclear Engineering,  
Chulalongkorn University
- 2015 : - Honorary to Participate in  
Nuclear Technology (M.Sc.),  
Bachelor of Engineering course,  
Chulalongkorn University
- Nomination Committee, Chairman and  
Honorary Director in Executive Board  
Ministry of Science and Technology of Thailand
- Neutrality Committee  
issues the certificate for NDT personnel  
according to ISO Standard.  
Thai Society for Non-Destructive Testing
- 2013 - Present : - Subcommittee in Nuclear Program,  
Council of Science and Technology  
Professionals

## 3. Miss Chomduen Satavuthi (continue)

- 2012 - 2017 : - Director  
mai Listed Company Association.
- 2006 - Present : - Director  
Nuclear Society of Thailand
- 2007 : - Participate in  
Non-destructive Testing - Qualification and  
Certification of Personnel TIS. ISO 9712:2005
- 2005 - 2009 : - Chairman  
Thai Society for Non-Destructive Testing
- 2002 - 2004 : - Director  
Thai Society for Non-Destructive Testing
- 2007 - Present : - Director / Executive Director / MD  
Thai NDT Public Company Limited
- 1982 - 2007 : - Managing Director  
Thai NDT Company Limited
- 1989 : - Participate in Drafting the Standard of  
"Qualification of inspectors of LPG  
cooking gas and oil cylinder, gas storage tank,  
gas & oil transportation tank, pipeline and  
piping systems and certificate for inspectors."  
(Notification in the Gazette)  
(Presently called "Notification of the  
Department of Energy Businee,  
Ministry of Energy).
- 1982 : - Participate in Establishment of  
"Non-Destructive Testing Association"  
to disseminate the knowledge and  
training NDT Personnel according to  
international standards.
- 1978 - 1982 : - Trainer, Non-destructive Testing - Both  
institutions / government agencies  
and enterprises.  
: - Radiography Products Specialist  
KODAK (Thailand) Company Limited
- 1970 - 1977 : - Researcher, Medical Research Center - SEATO,  
Phramongkutkloa Hospital
- 1969 - 1970 : - Government Scientist - Science  
Department, Ministry of Industry

**Tenure of Directors in TNDT:** 13 years

26 April 2007 - 27 April 2009  
27 April 2009 - 27 April 2011  
27 April 2011 - 28 April 2014  
28 April 2014 - 24 April 2017  
24 April 2017 - Present





## DETAILS OF DIRECTORS

### 4. Mr. Krirkkiat Satavuthi

Age 73 years

**Appointed:** 26 April 2007

**Position:**

- Director
- Executive Director

**Education:**

**Master Degree**

Civil Engineering, Brigham Young University, U.S.A.

**Bachelor Degree**

Civil Engineering, Kasetsart University

**Training organized by Thai Institute of Directors (IOD):**

Director Accreditation Program No. 61/2007

**Shareholding:** 4.27

**Board Member / Management in Other Listed Company:**

- None -

**Board Member / Management in Non-Listed Company:**

- None -

**Family Relation to Executive Directors:**

Younger Brother of Miss Chomduen Satavuthi

**Experience (In the past - present):**

- |                |   |   |
|----------------|---|---|
| 2007 - Present | : | - Director                              |
|                |   | - Executive Director                    |
|                |   | Thai NDT Public Company Limited         |
| 2002 - 2007    | : | - Director / Senior Consulting Engineer |
|                |   | Thai NDT Company Limited                |
| 1970 - 2007    | : | - Professional Engineers, 9 worchor     |
|                |   | Department of Highways                  |

**Tenure of Directors in TNDT:** 13 years

26 April 2007 - 28 April 2008  
 28 April 2008 - 27 April 2011  
 27 April 2011 - 22 April 2013  
 22 April 2013 - 25 April 2016  
 25 April 2016 - 29 April 2019  
 29 April 2019 - Present

### 5. Squadron Leader Anek Panturaks

Age 85 years

**Appointed:** 26 April 2007

**Position:**

- Director

**Education:**

**Bachelor Degree**

Mechanical Engineering (honor row),  
 Chulalongkorn University

**Training organized by Thai Institute of Directors (IOD):**

Director Accreditation Program No. 61/2007

**Shareholding:** - None -

**Board Member / Management in Other Listed Company:**

- None-

**Board Member / Management in Non-Listed Company:**

- None-

**Family Relation to Executive Directors:**

- None-

**Experience (In the past - present):**

- |                |   |                                       |
|----------------|---|---------------------------------------|
| 2007 - Present | : | - Director / Senior Advisor Engineer  |
|                |   | Thai NDT Public Company Limited       |
| 2002 - 2007    | : | - Senior Advisor Engineer             |
|                |   | Thai NDT Public Company Limited       |
| 1987 - 1996    | : | - Head of the Center of               |
|                |   | Research and Technological            |
|                |   | Development in Aerospace              |
|                |   | and Automotive.                       |
|                |   | TISTR                                 |
| 1972 - 1987    | : | - Service Manager                     |
|                |   | The International Engineering         |
|                |   | Company Limited                       |
| 1968 - 1972    | : | - Field Engineers                     |
|                |   | Ray Lam Battery Company Limited       |
| 1956 - 1968    | : | - Head of Lathing and Casting Section |
|                |   | Air Engineering Department            |

**Tenure of Directors in TNDT:** 13 years

26 April 2007 - 26 April 2010  
 26 April 2010 - 23 April 2012  
 23 April 2012 - 28 April 2014  
 28 April 2014 - 25 April 2016  
 25 April 2016 - 23 April 2018  
 23 April 2018 - Present

## DETAILS OF DIRECTORS

### 6. Dr. Wicha Jiwalai

Age 76 years

**Appointed:** 26 April 2007

**Position:**

- Independent Director
- Chairman of the Audit Committee
- Chairman of Nomination and Remuneration Committee

**Education:**

**Ph.D. degree**

Geodetic Science (honor row),  
Ohio State University, U.S.A.

**Master degree**

Cartography Engineering, ITC Institute, the Netherland.

**Bachelor Degree**

Civil Engineering, Chulalongkorn University  
(Bhurachatra Scholarships throughout the study.)

**Training organized by Thai Institute of Directors (IOD):**

- |                                    |             |
|------------------------------------|-------------|
| - Director Certification Program   | No. 14/2002 |
| - Director Accreditation Program   | No. 8/2004  |
| - Finance for Non-Finance Director | No. 10/2004 |
| - Audit Committee Program          | No. 11/2006 |
| - The Role of Chairman             | No. 13/2006 |
| - Chartered Directors              | No. 1/2007  |

**Shareholding:** - None -

**Board Member / Management in Other Listed Company:** 2 companies

1. Chairman of the Audit Committee  
STP&I Public Company Limited  
Type of Business :  
Steel Structure & Piping Fabrication,  
Process Module and Other Steel Fabrication
2. Audit Committee  
Thai Optical Group Public Company Limited  
Type of Business :  
Manufacturer and distributor of the entire plastic eyesight  
products and services.

**Board Member / Management in Non-Listed Company:** 2 companies

1. Chairman of Salitara Company Limited  
Type of Business :  
Agent and broker in sales, leasing, mortgages, sale on  
consignment of land and real estate, allocation of land,  
condominiums, and parking
2. Director of World Resort Company Limited  
Type of Business :  
Bungalow and resort services.

**Family Relation to Executive Directors:** - None -

### 6. Dr. Wicha Jiwalai (continue)

**Experience (In the past - present):**

- Private Sector :**
- Independent Director /  
Chairman of the Audit Committee /  
Chairman of Nomination and Remuneration  
Committee  
Thai NDT Public Company Limited
  - Chairman of the Audit Committee  
STP&I Public Company Limited
  - Audit Committee  
Thai Optical Group Public Company Limited
  - Chairman of Salitara Company Limited
  - Director of World Resort Company Limited

- Professional Association :**
- Chairman  
Surveying and Mapping Society of Thailand
  - Honorary Director, Association of  
Thai Condominium
  - Academic Director, Civil Engineering  
The Engineering Institute of Thailand
  - Honorary President, The Asean Federation  
on Land Surveying and Geomatic (AFLAG)

- Government Sector :**
- President of the Executives Board  
Geo-Informatics and Space Technology  
Development Agency  
(Public Organization)
  - Deputy Bangkok Governor
  - Associate Professor and Head of Survey  
Engineering Department.  
Faculty of Engineering,  
Chulalongkorn University
  - Professor of the Faculty of  
Engineering, Chulalongkorn University
  - Operational Committee for Civil  
Engineering Dictionary,  
The Royal Society
  - Director of Town and Country Planning,  
The Office of Town and Country  
Planning Board

**Tenure of Directors in TNDT:** 13 years

26 April 2007 - 28 April 2008  
28 April 2008 - 27 April 2011  
27 April 2011 - 28 April 2014  
28 April 2014 - 24 April 2017  
24 April 2017 - Present



## DETAILS OF DIRECTORS

### 7. Mr. Vichai Watcharavatanakul

Age 67 years

**Appointed:** 26 April 2007

**Position:**

- Independent Director
- Member of the Audit Committee
- Member of Nomination and Remuneration Committee

**Education:**

**Master degree**

Political Science, NIDA

**Bachelor degree**

- Accounting, 1st honor,  
Thai Chamber of Commerce University
- Law, Thammasat University

**High Vocational**

- Accounting Audit, Chulalongkorn University

**Training organized by Thai Institute of Directors (IOD):**

Director Accreditation Program No. 61/2007

**Shareholding:** - None -

**Board Member / Management in Other Listed Company:** 1 Company

1. Independent Director / Member of the Audit Committee of  
Marsun Public Company Limited  
Type of Business : Auditing, Accounting

**Board Member / Management in Non-Listed Company:** 1 Company

1. Director of Consulting System Company Limited  
Type of Business : Auditing, Accounting

**Family Relation to Executive Directors:**

- None -

**Experience (In the past - present):**

- |                |   |  |
|----------------|---|--|
| 2017 - Present | : | - Independent Director /<br>Member of the Audit Committee<br>Marsun Public Company Limited   |
|                | : | - Director of Consulting System Company Limited  |
| 2014 - Present | : | - Independent Director /<br>Member of the Audit Committee /<br>Member of Nomination and Remuneration<br>Committee, Thai NDT Public Company Limited |
| 2010 - Present | : | - Independent Director /<br>Member of the Audit Committee<br>Thai NDT Public Company Limited   |
| 1995 - Present | : | - Certified Accounting Auditor<br>(Registered Auditor No.3055),<br>accounting and tax consultant (Freelance)                                       |
| 1986 - 1995    | : | - Division Chief of Plan and Budget,<br>Sugar factory, Department of Industrial Works  |
| 1980 - 1986    | : | - Head of department budgets and spending,<br>Sugar factory, Department of Industrial Works  |
| 1978 - 1980    | : | - Assistant Internal Audit, Sugar Factory<br>Department of Industrial Works  |
| 1976 - 1978    | : | - Auditor level 1, Sugar Factory,<br>Department of Industrial Works  |

**Tenure of Directors in TNDT:** 13 years

26 April 2007 - 26 April 2010  
26 April 2010 - 22 April 2013  
22 April 2013 - 25 April 2016  
25 April 2016 - 29 April 2019  
29 April 2019 - Present

### 8. Dr. Jumpon Kluaymai-ngarm

Age 36 years

**Appointed:** 22 December 2018

**Position:**

- Independent Director
- Member of the Audit Committee

**Education:**

**Ph.D. degree**

Economics

Loughborough University, United Kingdom

**Master degree**

Economics

University of Antwerp, Belgium

**Bachelor Degree**

B.B.A. (First-class Honors), (Business Economics)

Asian University, Chonburi

**Training organized by Thai Institute of Directors (IOD):**

- |  |              |
|--|--------------|
| - Director Certification Program                         | No. 271/2019 |
| - Advanced Audit Committee Program                       | No. 33/2019  |
| - Risk Management Program for<br>Corporate Leaders Class | No. 19/2020  |

**Shareholding:** - None -

**Board Member / Management in Other Listed Company:**

- None -

**Board Member / Management in Non-Listed Company:**

- None -

**Family Relation to Executive Directors:**

- None -

**Experience (In the past - present):**

- |                              |   |  |
|------------------------------|---|--|
| December 2018 - Present      | : | Independent Director /<br>Member of the Audit Committee<br>Thai NDT Public Company Limited     |
| August 2017 - Present        | : | Lecturer, Faculty of Business and<br>Technology, Stamford<br>International University          |
| March 2017 - July 2017       | : | Head of Industry Research<br>(Real Estate and Services),<br>Research Division, Bank of Ayudhya |
| May 2016 - June 2016         | : | Guest Lecturer, Faculty of Economics,<br>Rangsit University                                    |
| October 2015 - February 2017 | : | Industry Strategist, Research Division,<br>Bank of Ayudhya                                     |
| August 2014 - May 2015       | : | Part-time Lecturer,<br>Faculty of Business, Asian University                                   |
| May 2010 - May 2014          | : | Bought in Teacher, School of<br>Business and Economics,<br>Loughborough University             |

**Tenure of Directors in TNDT:** 1 years 4 months

22 December 2018 - Present

# DETAILS OF EXECUTIVES - COMPANY SECRETARY - CHIEF OF INTERNAL AUDIT

No.	Name - Surname Position	Age (yrs)	Education	Share holding (%)	Experience (In the past - present)		
					Time	Position	Department / Company
1.	Mr. Thanun Satavuthi Deputy Managing Director	36	<u>Master degree</u> - Business Administration, Assumption University  <u>Bachelor degree</u> - Electrical and Electronic Engineering Asian University	-	2016 - Present  2013 - 2516	Deputy Managing Director  Assistant Managing Director	Thai NDT Public Company Limited  Thai NDT Public Company Limited
2.	Mr. Sahawat Techachan Business Development Manager	60	<u>Certificates</u> - Mechanical Engineering, Northeastern Technology College	lower than 1%	1989 - Present  2012 - 2016	Business Development Manager  Vice President	Thai NDT Public Company Limited  Thai Society for Non-Destructive Testing (TSNT)
3.	Mr. Tin Maung Aye Technical Manager	57	<u>Bachelor degree</u> - Mechanical Engineering, Institute of Technology, Yangon, Burma  <u>Certificates</u> - Welding Engineer, International Institute of Welding - ASNT NDT Level III ASNT	lower than 1%	1998 - Present  2010 - 2012	Technical Manager  Director	Thai NDT Public Company Limited  Thai Society for Non-Destructive Testing (TSNT)
4.	Mr. Somouy Tangchit- thavorngul Operations Manager HSEQ Manager Quality Manager	51	<u>Master degree</u> - Business Administration, Ramkhamheang University  <u>Bachelor degree</u> - Aviation Maintenance, San Jose State University USA	lower than 1%	1999 - Present	Operations Manager Quality Manager HSEQ Manager	Thai NDT Public Company Limited
5.	Mr. Thammarath Sroysom- boon Operations Manager Operation Support Manager	51	<u>Bachelor degree</u> - Welding Engineering, King Mongkut's Technology North Bangkok University	lower than 1%	2017 - Present  1998 - Present  2010 - 2012	Operation Support Manager  Operations Manager  Director	Thai NDT Public Company Limited  Thai NDT Public Company Limited  Thai Society for Non-Destructive Testing (TSNT)
6.	Miss Vajana Sakulraemrungs Office Management in Administrative, Secretary Office Purchasing and Human Resource	60	<u>Bachelor degree</u> - Bachelor of Liberal Arts, Thammasat University	1.97	2005 - Present	Office Management Manager (Secretary Office and Purchasing Division) Human Resource Manager	Thai NDT Public Company Limited
7.	Mr. Niyom Minivathakorn Finance and Accounting Manager	53	<u>Bachelor degree</u> - Accounting, Kasem Bundit University  <u>High Vocational</u> - Accounting College of Technology and Vocational Education, Bangkok Commercial Campus  <u>Certificates</u> - Certified Accountant in year 2000, Ministry of Commerce	-	2011 - Present    2002 - Present	Finance and Accounting Manager  Office Manager  Director  Assistant Auditor	Thai NDT Public Company Limited  Piya Arpa Accounting  Arpakorn Advisory Company Limited  S.B. Auditing Service Company Limited
8.	Miss Sasiprapha Saengchai Company Secretary	39	<u>Master degree</u> - Master of Science (Agro-Industrial Technology Management) Kasetsart University  <u>Bachelor degree</u> - Food Process Engineering, Chiangmai University	-	2014 - Present  2012 - Present  2009 - 2012  2004 - 2009	- Company Secretary - Secretary of Audit Committee / Nomination and Remuneration / Executive Board  - Company Secretary - Secretary of Audit Committee / Executive Board  - Senior Supervisor Administration - Executive Secretary - Auditor of Internal Quality Audit  - Production Supervisor - Auditor of Internal Quality Audit	Thai NDT Public Company Limited  Thai NDT Public Company Limited  Pakfood Public Company Limited  Asia Pacific (Thailand) Company Limited affiliated company in Pakfood Public Company Limited
9.	Mr. Krod Songmuang Chief of Internal Control - Freelance	46	<u>Master degree</u> - M.B.A. (Accounting for Planning and Control) Kasetsart University.  <u>Bachelor degree</u> - BA. (Accounting) Rajamongkula Institute of Technology.	-	2018 - Present  2016  2011 - 2016  2007 and 2012  2008 - 2011  2014 - Present	- Head of Accounting Department - Assistant Dean - Planning and Development Committee - Risk Management Committee - Head of Department of Accounting Assistant in Student Affair - Curriculum Development Committee of Graduate Accounting - Head of Accounting Department - Chief of Internal Audit	Faculty of Business Administration, Kasembundit University         Thai NDT Public Company Limited



# REMUNERATION AND BENEFITS

## 1. Remuneration of Directors

### A. Remuneration in Cash

During the Extraordinary Shareholders' Meeting No. 13/2019 on April 29, 2019, the shareholders' meeting approved the Directors, Nomination and Remuneration Committee and Audit Committee remuneration package of Baht 2,500,000.- in total for normal meeting and remuneration allowance. However, the Company had already paid Baht 2,500,000.- in total, which the meeting allowance of

- Chairman of the Board, Chairman of the Nomination and Remuneration Committee and Chairman of the Audit Committee were at Baht 15,000.- each

- Directors, Nomination and Remuneration Committees and Audit Committees were at Baht 10,000.- each.

included in the Directors' remuneration for year 2019. Details of the allowances paid for each board members are as follows:

(Unit : Bath)

Director's Name	Position	Meeting Allowance	Remuneration	Total
1. Mr. Suwat Dangpibulskul	- Chairman of the Board - President of Executive Board	75,000.-	258,000.00	333,000.-
2. Mr. Chaya Jivacate	- Vice Chairman of the Board - Director of the Nomination and Remuneration Committee	60,000.-	240,000.00	300,000.-
3. Miss Chomduen Satavuthi	- Director - Executive Director - Managing Director	50,000.-	230,000.00	280,000.-
4. Mr. Krirkkiat Satavuthi	- Director - Executive Director	50,000.-	212,000.00	262,000.-
5. Squadron Leader Anek Panturaks	- Director	40,000.-	210,000.00	250,000.-
6. Dr. Wicha Jivalia	- Independent Director - Chairman of the Audit Committee - Chairman of the Nomination and Remuneration Committee	155,000.-	260,000.00	415,000.-
7. Mr. Vichai Watcharavatanakul	- Independent Director - Director of the Audit Committee - Director of the Nomination and Remuneration Committee	120,000.-	220,000.00	340,000.-
8. Dr. Jumpon Kluaymai-ngarm	- Independent Director - Director of the Audit Committee	100,000.-	220,000.00	320,000.-
<b>Total of 8 Directors</b>		<b>650,000.-</b>	<b>1,850,000.-<sup>1/</sup></b>	<b>2,500,000.-</b>

### Remark:

<sup>1/</sup> All the 8 directors presented their intention not to receive the remuneration, total amount of 1,850,000.- (One million eight hundred fifty thousand Baht), so as to reserve for the Company's business expansion opportunity.

The meetings in year 2019, there were

- 6 meetings of the Board of Directors
- 6 meetings of the Audit Committee
- 2 meetings of the Nomination and Remuneration Committee
- 2 meetings of the Executive Board (no meeting and remuneration allowances).
- 4 meetings among the Non-Executives and Independent Directors/Member of Audit Committee, without the attendance of the Executives (no meeting and remuneration allowances).

# REMUNERATION AND BENEFITS

## B. Other Remunerations

No any other benefits and compensation than the meeting and remuneration allowances under item A.

## 2. Managing Director' Remuneration

### A. Remuneration in Cash

Managing Director's remuneration in cash from the Company are salary and other income, bonus and providence fund.

### B. Other Remunerations

- Vehicles for the Company Management Affairs.
- Other expenses and benefits according to the Company's Rules and Regulations.

## 3. Executives' Remuneration

### A. Remuneration in Cash

In year 2019, total of 8 Executives from division managers or higher received total remuneration in cash from the Company. They are salary and other income, bonus and providence fund.

### B. Other Remunerations

- Vehicles for the Company Management Affairs.
- Other expenses and benefits according to the Company's Rules and Regulations.

Item	Amount (Bath)		
	2017	2018	2019
Salary + Other Income	9,803,468.00	9,822,852.00	9,822,852.00
Bonus	305,000.00	-	-
Providence Fund	897,546.00	809,420.00	691,889.00
Welfare	151,075.91	214,406.51	355,657.42
<b>Total</b>	<b>11,157,089.91</b>	<b>10,846,678.51</b>	<b>10,870,398.42</b>

## 4. Employees' Remuneration

### A. Remuneration in Cash

The Company's policy in remunerating for its employees is on the basis of appropriateness, fairness, knowledge, capability, performance, and compatibility with the industry's average pay scale. Moreover, the employees' remunerations must be appropriate to the business expansion and the Company's growth.

In year 2019, total remuneration which the employees received in cash from the Company are salary and other income, bonus, providence fund and professional fee.

Since 1 January 2005 onwards, the Company has established provident fund in the Company's name for all the Company's employees, by selecting and investing in K Master Pool Fund (since January 1, 2017), and appointed Kasikorn Fund Management Company Limited as the fund manager. The employees can contribute at 5-15% of their salaries since starting investment, while the Company shall contribute to the fund at the amount 5-10% of employees' salaries, depending on their working duration. The purposes are for the employees' capabilities to select individual investment as appropriate, in order to generate the good returns in both short and long term. The returns are based on the age and type of funds they select, so as them to save for future and / or financial security after retirement.





## REMUNERATION AND BENEFITS

### B. Other Remunerations

Moreover, the Company has provided various benefits for employees according to the law. The Company has adjusted and increased its welfare and fringe benefit offering to the employees, for example, healthcare payments, group life and accident insurance and annual health check for employees, and other types of financial and non-financial assistance such as funds for the funeral arrangements of employees, their parents, children or legal spouse, the marriage, the monk ordinations, emergency loan, preparing reliable sources providing the loan with special interest rate for housing, etc.

Item	Amount (Bath)		
	2017	2018	2019
Salary + Other Income	107,843,481.50	115,846,752.84	117,826,645.00
Bonus	3,353,998.50	1,907,940.70	936,878.00
Providence Fund	2,324,213.00	2,082,102.00	1,626,426.00
Professional Fees	3,454,098.00	3,480,166.00	3,673,411.00
Welfare	939,575.42	959,284.35	1,064,992.07
<b>Total</b>	<b>117,915,366.42</b>	<b>124,276,245.89</b>	<b>125,128,352.07</b>

### C. Significant changes in the number of employees in the past 3 years

- None -

### D. Major labor disputes in the past 3 years

- None -

### Number of Employees

Item	Amount (Person)		
	2017	2018	2019
Male	274	249	264
Female	65	60	66
<b>Total</b>	<b>339</b>	<b>309</b>	<b>330</b>

# HUMAN RESOURCE DEVELOPMENT POLICY

## 1. In-house Training

The Company has trained the technicians for several methods of NDT technics to serve the customers' requirements. The technicians and engineers were to be taken examination and certified for the standard criteria of "The American Society of Non-destructive Testing (ASNT)" and other International Organizations such as ISO, etc.. Moreover, the local and foreign experts were invited to train the technicians and engineers for more knowledge, for example, Advanced Technologies, Radiation Safety, International Standards for Welding in Industrial such as ASME Code, Confined Spaces, etc.

The Company recognized the importance of training and developing skills, knowledge, expertise in performing duties. The training center and the Creative Research and Development (CRD) Division were built to support the employees' training, both theoretical and practical, for more efficiency and in accordance with the International standards practices.

In 2019, the Company has encouraged and supported training to develop employees' efficiency as follows :-

HSE / SAFETY In-house Training Courses by Lecturer of the Company	Level of attendees - Number of participants (Person)								
	Admin	Operation	Technician	Admin & Technical Supervisor	Engineer	Asst.- Company Secretary	Asst.-Manager		TOP Executive
							Division	Dept.	
Health Safety and Environmental at Work (6 hrs.)	14	12	40	3 / 4	11	-	-	1	-
Health Safety and Environmental at Work (8 hrs.)	2	1	12	- / -	-	-	-	-	-
Radiation Safety (8 hrs.)	2	1	19	- / 1	5	-	1	1	-
Radiation Safety Refresher (6 hrs.)	-	1	30	- / 4	3	-	-	-	-
Safety Behaviour Cultivation	-	-	2	- / -	2	-	-	-	-
Defensive Driving Course (DDC)	14	4	38	- / 1	16	-	1	-	-
Safety Working with Hazardous Chemicals	-	1	22	- / 4	2	-	-	-	-
Waste Management	-	1	22	- / 4	2	-	-	-	-

NDT In-house Training Courses by Lecturer of the Company	Level of attendees - Number of participants (Person)								
	Admin	Operation	Technician	Admin & Technical Supervisor	Engineer	Asst.- Company Secretary	Asst.-Manager		TOP Executive
							Division	Dept.	
MT,PT I - Liquid Penetrant Testing and	-	-	11	11	-	-	-	-	-
Magnetic Particle Testing Level I	2	1	18	- / -	5	-	-	-	-
MT II - Magnetic Particle Testing Level II	-	1	6	- / -	12	-	-	1	-
PT II - Liquid Penetrant Testing Level II	-	1	2	- / -	13	-	-	1	-
UT I - Ultrasonic Testing Level I	-	-	8	- / -	6	-	-	-	-
UT II - Ultrasonic Testing Level II	-	-	1	- / -	5	-	-	-	-
UTM II - Ultrasonic Thickness Measurement Testing Level II	-	-	17	-	7	-	2	-	-
VT II - Visual Inspection Level II	-	-	4	- / -	3	-	-	-	-
ET I - Eddy Current Testing Level I	-	-	10	- / -	5	-	-	-	-
API 570 Preparation Authorized Piping Inspector	-	-	6	- / -	3	-	1	-	-
Positive Material Identification (PMI)	-	-	26	- / 2	15	-	1	-	-
Ferrite Scope	-	-	8	- / 1	9	-	-	-	-



# HUMAN RESOURCE DEVELOPMENT POLICY

In addition, the Company has invited specialists both local and international to strengthen the knowledge on various aspects for the employees in all levels so as to develop knowledge and related skills, to support the performance of the individual employee. It also created and shared ideas and new perspectives between the outside organizations, created relationships between departments within the organization and applied to develop and perform their duties within the organization efficiently even more.

Quality System / Soft Skill Courses / Activity by Lecturer of the Company	Level of attendees - Number of participants (Person)								
	Admin	Operation	Technician	Admin & Technical Supervisor	Engineer	Asst.- Company Secretary	Asst.-Manager		TOP Executive
							Division	Dept.	
Orientation; Company's Regulation, Quality, NDT Introduction	17	13	35	- / -	17	-	-	1	-
Office 365 Application	15	7	13	8 / -	4	1	4	8	-
Supervisory Skill	6	3	6	5 / 1	3	2	1	-	-
ISO 45001:2018	6	2	-	4 / -	-	1	-	5	-
Document Control	12	3	-	2 / -	-	2	-	-	-
CPAR, NCR Report	2	3	-	- / -	3	-	-	1	-
Team Building 2019	30	11	49	3 / 2	17	2	2	3	-

In-house Training Courses by External Lecturer	Level of attendees - Number of participants (Person)								
	Admin	Operation	Technician	Admin & Technical Supervisor	Engineer	Asst.- Company Secretary	Asst.-Manager		TOP Executive
							Division	Dept.	
Work safety in Confined Spaces for licensee, supervisor, assistant and operator	-	-	21	- / 1	7	-	-	-	-
Basic Fire Fighting	14	4	26	- / 2	7	1	2	1	-
Fire Fighting and Fire Evacuation Drill for year 2019	16	13	55	4 / 6	9	2	2	8	-
Cost Reduction	11	3	1	4 / 1	2	2	-	1	-

In 2019, the Company held the in-house training courses for 30 programs or 71 times at the amount of 204,450.59 Baht or 9,866.00 hours/year. There were 1,067 employees attended (double counting) (or 297 person - individual counting), the average cost at 191.61 Baht/person/year (or 688.39 Baht/person/year - individual counting) and the average 9.25 hours/person/year (or 33.22 hours/person/year - individual counting).

## 2. External Training

The Company has provided opportunities for employees' external training, both local and foreign organizations which should be standardized and international acceptance. These training were for developing the efficiency and expertise to keep pace with the development and rapid change of technologies and were to respond the customers' more requirements. Selecting the employees to external training, the Company would consider the moral and effectiveness of the training organization, and the worthy benefits as appropriate. Due to the business involved in the safety of lives, properties and environments, the precision and accuracy of the test results would determine the customers' satisfaction and trust, meaning to the future of the Company as well. By the availabilities of these reasons, the Company could be expanded up till the present time.

# HUMAN RESOURCE DEVELOPMENT POLICY

## 2.1 Board of Director

The Directors would attend the training courses and seminars, concerning to their roles and responsibilities, which would be in accordance with the rules and regulations of SEC, SET and the relevant authorities, as well as to be organized by SEC, SET, IOD, TIA, Thaipat, MaiA, etc. in order to perform the duties, advise, improve, develop and to be guidelines for the Company's operations. These activities were to report in the Board of Directors' meetings. In 2019, the training courses and seminars were

### (A) Miss Chomduen Satavuthi

### Director / Executive Director / Managing Director

3 Courses, Total 11.0 Hrs.

- Nuclear Society of Thailand (NST), supporting by the Council of Science and Technology Associations of Thailand (COSTAT) : Associate to the topic of "The Future of Thai Energy, who will determine?"

- Council Of Science and Technology Professionals (CSTP) : Seminar in "Artificial Intelligence (AI)"

- Mai Listed Company Association (MaiA) and The Board of Investment of Thailand (BOI) : Seminar in "Maximize BOI Promotion for Best Benefit and Efficiency"

### (B) Dr. Wicha Jivalia

### Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee

2 Courses, Total 27.0 Hrs.

- EY Corporate Services Limited : Seminar in "Let's Talk Digital"

- Australia has hosted a joint international congress with the ASEAN, Darwin Australia : Seminar in "Southeast Asian Survey Congress : SEASC 2019"

### (C) Mr. Vichai Watchravathanakul

### Independent Director / Director of the Audit Committee Director of the Nomination and Remuneration Committee

3 Courses, Total 42.0 Hrs.

- Federation of Accounting Professions under the Royal Patronage of His Majesty the King : TFRS ทุกฉบับ ปี 2562  
วันที่ 2/62 (หลักสูตรที่ 5)

- Federation of Accounting Professions under the Royal Patronage of His Majesty the King : ภาษีอากรสำหรับธุรกรรม  
ระหว่างประเทศ วันที่ 2/62

- Federation of Accounting Professions under the Royal Patronage of His Majesty the King : นักบัญชีภาษีอากร  
(หลักสูตรที่ 203) ภาษีท้องถิ่น

### (D) Dr.Jumpon Kluaymai-ngarm

### Independent Director / Director of the Audit Committee

3 Courses, Total 16.0 Hrs.

- Thai Institute of Directors (IOD) : "Director Certification Program (DCP) Class 271/2019" Training

- Thai Institute of Directors (IOD) : "Advanced Audit Committee Program (AACP) 33/2019" Training

- Mai Listed Company Association (MaiA) : "Compensation Strategy, Performance evaluation and compensation management strategies for executives and board of directors" Training

## 2.2 Executives and Company Secretary

The training courses of the Executives and Company Secretary would be determined and participated annually as appropriate concerning to their responsibilities and the Company business, which would be in accordance with the rules and regulations of SEC, SET and the relevant authorities, and were organized by SEC, SET, IOD, TIA, Thaipat, MaiA, etc. in order to contribute to improve and develop themselves and apply for the Company's operations later on.



# HUMAN RESOURCE DEVELOPMENT POLICY

## 2.3 Employees

The Board of Directors has encouraged and supported the Company to provide training regularly for employees in all levels in various methods as of their responsibilities, both on the core services providing to the customers in which compliance with the regulations of “the American Society for Nondestructive Testing (ASNT)” and other related global organization standards, as well as safety training in various types of work as related. In addition, the Company has also provided the training courses by foreign and local experts for the employees’ more knowledgeable and expertise.

In 2019, the Company held the in-house training / testing / seminar / Exhibition courses for 76 programs or 206 times at the amount of 2,153,952.10 Baht or 2,566.50 hours/year. There were 206 employees attended (double counting) (or 128 people - individual counting), the average cost at 10,456.08 Baht/person/year (or 16,827.75 Baht/person/year - individual counting) and the average number of hours 12.46 hours/person/year (or 20.05 hours/person/year - individual counting).

No.	Level of attendees	Details of Training				
		Number of Courses	Number of Participants / double counting (Person)	Number of Participants / individual counting (Person)	Total (Hours)	AVG / Person / Year (Hours)
1.	Director	11	4	4	100.00	25.00
2.	Top Executive	6	8	2	89.50	44.50
3.	Executive - Department	20	23	10	144.00	14.40
4.	Executive - Division	5	5	3	37.00	12.33
5.	Company Secretary	5	8	2	48.00	24.00
6.	Engineer	14	23	12	366.00	30.50
7.	Technician	26	98	71	1,589.00	22.38
8.	Admin Supervisor	12	15	3	98.00	32.66
9.	Technical Supervisor	7	9	9	84.00	9.33
10.	Admin Officer	7	12	11	62.00	5.63
11.	Operation Officer	3	5	5	49.00	9.80



# CORPORATE GOVERNANCE (CG)

In the year 2019, The Board of Directors has considered, reviewed and monitored the business operation together with applying and deploying the 8 good corporate governance principles (CG Code), in order for the good operation results, being reliable to all stakeholders, being beneficial to society, and being valuable for sustainable business.

The Company has been assessed on the Corporate Governance Report of Thai Listed Companies in 2019 by Thai Institute of Directors Association (IOD) in the “Excellent” level for 4 consecutive years with the score of 93%, the same score received in year 2018. In all, the Company has complied with the principles of good governance for eight categories as follows:-

## **Principle 1 : Establish Clear Leadership Role and Responsibilities of the Board**

### **1. Performance of the Organization’s Goals**

All of the Directors understood and recognized their roles and responsibilities in performing their duties of responsibility, the duties of care and duties of loyalty, in accordance with relevant laws and regulations, the Company regulations including the meeting resolutions. The Director has performed rationally for the best interests of the organization, as the leaders to oversee, monitor and assess the organization to operate business with morality and ethics, to be in accordance with the code of conduct, transparency, and to have a good management system. The Board should be a role model in corporate governance by encouraging the Top-Executive and executives to practice as well.

The Company disclosed the names and the records of each director, including the roles and responsibilities of the Board of Directors, the Nomination and Remuneration Committee and the Audit Committee, as well as the details of their duties in the past years for each Director under the title of “**Management Structure**”, page 34 - 41 and “**Details of Directors**”, page 45 - 49. This was for the shareholders and the related parties could acknowledge the capabilities, experiences and vital information regarding the directors who would support the Company to be successful in business operation.

In addition, the Board of Directors has monitored the changes under various factors, which might affect the operating results of the Company, both in the short and long term, in order to be ready for the competition. The Board also encouraged and supported the organization to achieve sustainable value creation to the business without any impact to all groups of stakeholders.

### **2. Leadership and Vision**

The Board of Directors had an independent role in management according to the standards of corporate governance by setting the visions, missions, strategies, objectives, goals, business plans and the Company’s budget, including overseeing, monitoring the operations of Executives to meet the designated goals and for the best interests of the Company and all groups of stakeholders. Moreover, the Board has supported the usability of innovation and technology to create value to the business as well as oversaw information technology. Besides, the Board has provided the internal control, assessed and reviewed the internal control system, the accounting system, the Company’s internal operational system, as well as provided the risk management policies and monitored the results constantly including supported the Board of Directors to participate in the seminar by the Institute of Directors (IOD), the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). Additionally, the Board of Directors has appointed the Audit Committee and other Sub Committees to assist overseeing the Company’s operations.





# CORPORATE GOVERNANCE (CG)

## 3. Value Creation to the Business

### 3.1 Good Corporate Governance Policy

The Board of Directors, as the leadership to achieve sustainable corporate value creation, realized the significance of efficient and transparent management by setting up the policies of ethics and code of business conduct and good corporate governance, in aspects of the organization's structure and the management strategies which would stipulate the roles and systematic operations that were transparent and accountability. For examples: Clear mission and strategies, transparency to operate the business, taking care of safety of personal, property and environment both in organization and communities nearby, complying with the rules and regulations of the Company, the requirements and notification of SET and CMSB and the laws which related to the business, etc. The Board has monitored the Executives and Employees to commit and complied regularly with the good corporate governance, the rules and regulation concerning to the business operations. This would project the better standards of management, bring out the various groups of Stakeholders to be confidence in the Company's good image and contribute to the development of a truly sustainable business.

The Board of Directors has set up the principles of corporate governance in written for the Directors, Executives and Employees to adhere and practice. The review and approval of the policies should be done by the Board every year. In the Board's Meeting No. 1/2020 on February 24, 2020, the Board of Directors has considered, reviewed and approved the principles of corporate governance (revised edition in 2019) to be used continuously till the present.

### 3.2 Code of Business Conduct

The Board of Directors has set the guidelines of code of business conduct and ethical practices for Directors, Executives, and Employees, so they could operate business loyally, honestly, justly and responsibly for stakeholders, shareholders and the related parties. For the code of business conduct and ethics guidelines, the punishment policy was included as well.

In The Board of Directors Meeting No.1/2020, held on February 24, 2020, the Board has approved the Company's Code of Business Conduct and ethics (Revised Edition) which has been reviewed in 2019 and used continuously till the present, and allowed the Directors and Executives to disseminate the details to all employees via the Company internal information system, the internet for the public. These were to promote the guidelines for good practices which the Company aimed that the Directors and all employees would acknowledge and uphold as the core principle. The practices were regularly monitored as well. These were done so as to be the responsibility of all levels of Executives to oversee their subordinates to be aware, understand and encourage in compliance with the Company's Code of Business Conduct. The Company has also held training and educating the Code of Business Conduct to the new employees regularly. The details of the Company's Code of Business Conduct could be found in **the Company's website ([www.tndt.co.th](http://www.tndt.co.th))**, on page **"Sustainability"** under the title of **"Code of Business Conduct"**.

In the past year, there were no any cases of complaint regarding the violation or the misconduct of the Company's Code of Business Conduct.

# CORPORATE GOVERNANCE (CG)

## Principle 2 : Define Objectives that Promote Sustainable Value Creation

### 1. Principle of Sustainability

The Board of Directors has set up the principle and direction of the Company's business through vision, mission, resolution, and policies which were considered along with the needs of all related stakeholders, the ecosystem and changes to the business opportunities, the expertise of the employees, the competitiveness of the Company, including the effective usability of innovation and technology, in order for value creation to the Company, the customers, all the stakeholders and the society. In these, the Board would review in accordance with the business environment on yearly basis.

Please see the details in the title of **"Organization Policies"**, on page 5

### 2. Goals and Strategies

2.1 The Board of Director has determined, reviewed, monitored, and approved the strategies, objectives, goals, plans, budgets and direction of business operation correlate and align with the Company's main objectives and goals, both the annual strategies and the medium-term of 3-5 years, financial or non-financial, without violating the laws and regulations or contrary to the code of business conduct. In addition, the Board would analyse with external and internal factors that might affect the success. They were

(1) Environment

(2) Factors and risks influencing the Company, all stakeholders and value chain.

(3) Information obtained from the process / channel of the Company's communication in order to access information / key issues / expectations of all stakeholders directly, etc.

These were to ensure that operations were still as expectation and could be adjusted to suit the current situation, able to respond and create value for the best interests, in which would not affect all groups of stakeholders directly or indirectly, and would be reviewed annually. In addition, the Board has also encouraged and supported the Company to allocate important resources and adopt technology and innovation to suit the business nature, to be able to improve align with the changes in internal and external factors, by adhering to the principles of good corporate governance, code of conduct, morals, and ethics, as well as any beneficial actions to the society. The Board would assign and monitor the Executives to operate and report the results of the operation to the Board of Directors regularly in the quarterly meeting.

In all, the Board has assigned the Executives to communicate to all employees for acknowledgment the objectives and goals of the organization through the Company's communication channels in order to adhere and practice in the same direction.

Please see the Goals and Strategies in the title of **"Goals and Business Strategies"**, on page 11.



# CORPORATE GOVERNANCE (CG)

## Principle 3 : Strengthen Board Effectiveness

### **1. Board of Directors Structure**

#### **Balance of Power**

The Members of Board of Directors were qualified in accordance with the regulations of SET and were appointed by the AGM of shareholders. For the balance of power of the 8 Directors of the Board, there were 3 Independent Directors / Non-Executives and 2 Directors who were neither Independent Directors nor Executives, which exceeded 1 of 2 of total number of the Board member. The 5 Non-Executive Directors could exercise their objective and independent judgement, together with independent audit execution. For the balance of power of the Board and the Executives, the position of Chairman and Managing Director were held by different person, and the Independent Directors should participate in setting the board meeting agendas with Managing Director, in which compliance with the Good Corporate Governance.

#### **Aggregation or Segregation of Positions**

The Chairman of the Board was not the same person as the Managing Director / CEO. For the structure of Company's Board of Directors, one-third were members of the Audit Committee, who were Independent Directors, creating balance of power to perform on management review and independent audit execution.

Moreover, the Company had clearly determined scope of responsibilities of the Board of Directors and Managing Director. Thus, the Chairman and Managing Director would not have absolute power and would create balance of power in the significant resolution that required the Board or shareholders' resolution. Moreover, the Board Members or Managing Directors were not allowed to vote or approve on any connected transaction that he / she might have a conflict of interest with the Company or subsidiaries.

#### **Conflict of interest**

In case of the director held the position of director or executive or having interests, be directly or indirectly, in other businesses that might have conflicts, or having the opportunity to use inside information of the Company for their own benefit, the Director should comply with the regulations, guidelines, and procedures as specified in the related transactions, and the acquisition or disposition of important assets of the listed company according to the notification of SEC, or CMSB and/or SET and/or other related.

#### **Policy of Board Diversify**

The Company and the Nomination and Remuneration Committee should be responsible for nominating the qualified directors of each Board/Committee, with the policy of board diversify by the features of knowledge, skill, and expertise in the Company's business and the related industries, specific profession, beneficial experiences for the business, appropriate gender, age and qualification, including the essential proficiency to achieve the objectives and goals of the organization and the Board Skill Matrix. The Board of Director should comprise of at least one female director due to the resolution and prudence in management, and at least one of the non-executive directors, who should be experienced or competent in the business or main industry in which the Company operates, in order for the achievement of the Company's objectives and stakeholders' interests efficiently. The Professional Search Firm or the Director Pool of Thai Institute of Director (IOD) would be the channels of nomination as well.

The Structure of the Company's Board of Directors should comprise of the Board of Directors and 3 Sub-Committees, namely the Nomination and Remuneration Committee, the Audit Committee and the Executive Board.

#### **1.1 The Board of Directors**

The Board of Directors should comprise of at least 5 or not more than 12 Directors, should be elected by the AGM of shareholders, and at least 3 Directors should be Independent Directors. In all, no fewer than half of the board members should reside in the Kingdom of Thailand. The Board would nominate and select candidates to serve as directors by considering the skills matrix, including the profession, specialized expertise, and gender to achieve a variety of board structure. In addition, the Board should comprise of at least one female director in order for more efficient performance of the Board of Directors.

# CORPORATE GOVERNANCE (CG)

Besides, the Board of Directors should possess the knowledges, experiences, leadership, vision and beneficial expertise to the Company business and the related industrial, being independent, dedication and effort for their responsibilities: They would also exercise prudence and honesty for the best interests of the Company and all stakeholders. The Board of Directors' duties would be to define a policy, review and approve the vision, policy, mission, strategic objectives, business plans and budgets of the Company, including overseeing and monitoring performance regularly in order to ensure the operation of the Company policies and frameworks with efficiency and effectiveness.

## **Roles and Authority of the Chairman of the Board**

Please see the title of “**Management Structure**” under the topic of “Board of Directors”, page 35

## **Roles and Authority of the Board of Directors**

### **1.1.1 Assigning, Reviewal and Authorization**

Please see the title of “**Management Structure**” under the topic of “Board of Directors”, page 35 - 37

### **1.1.2 Taking a Position in the Listed Company and in the Subsidiaries which was not a Listed Company**

The Board of Directors has determined that the Directors might only remain in the position of a listed company for no more than 3 companies, and for other companies or subsidiary companies that was not a listed company, for no more than 5 companies. An exception to this would be when the Director was authorized to take up a certain position by the Company.

### **1.1.3 Board of Directors Meeting**

#### **1.1.3.1 Prior to the Meeting**

(1) The Meeting should be held regularly at least once every quarter, or 6 times a year with the dates of the meeting being schedule in advance throughout the year so as the Directors to allocate sufficient time for attending the meeting and the Directors should be notified 2 weeks before the meeting. The procedures of the meeting would be in accordance with the regulations of the Company, the Public Law and the regulations of the SET and the minimum number of quorum while voting should be no less than two third (2/3) of the total Directors.

(2) The Chairman of the Board would encourage the Directors and the Executives to jointly present and consider the significant issues, which would be beneficial to the Company's operation, to be the meeting agendas. In addition, the Company Secretary would be appointed to circulate the meeting invitation together with the supporting documents according to the agendas at least 7 working days before the meeting so that all Directors might have adequate time in studying all the information before attending the meeting. In case of any necessary information for further decision-making, the Directors could inform the Company Secretary to coordinate with the Managing Director / CEO or the assigned Executives.

#### **1.1.3.2 The Board's Meeting Date**

(1) The Chairman would allocate the time sufficiently for the Executives to present an issue and various performance reports and allow the Directors to discuss the problems and assess the cases carefully. The outcome of an evaluation would be decided by the majority votes. In the case that there were the same number of votes, the Chairman of the meeting would be the deciding voter.

(2) The Board of Directors would encourage the Managing Director to invite the Executives Officer or relating personnel to participate in the meeting in order to provide information in the case that the Board would require the related additional data.

(3) If there were agendas involving the Directors, the stake holding Directors might neither vote nor attend the meeting.

(4) The Board of Directors would encourage the policy where the Non-Executive Directors, Independent Directors, Member of Audit Committee, or any concerned might hold meetings among themselves to discuss any management problems that might arise as they deem appropriate, without the attendance of the Executives, and the resolutions would be notified to the Managing Director.

(5) Each Company's Directors should attend the meeting no less than 75% of the total number of meetings held annually.



# CORPORATE GOVERNANCE (CG)

In 2019, there were meetings and attendances of the Directors as follows:-

Directors' Name	Number of Meeting Attended (time) / Number of meetings held (time)			
	Board of Directors	Nomination and Remuneration Committee	Audit Committee	Executive Board
1. Mr. Suwat Dangpibulskul	6/6	-	-	6/6
2. Mr. Chaya <sup>1/</sup> Jivacate	5/6	-	2/2	-
3. Miss Chomduen Satavuthi	6/6	-	-	6/6
4. Mr. Krirkkiat Satavuthi	6/6	-	-	6/6
5. Squadron Leader Anek <sup>1/</sup> Panturaks	5/6	-	-	-
6. Dr. Wicha <sup>1/</sup> Jiwalai	6/6	6/6	2/2	-
7. Mr. Vichai <sup>1/</sup> Watcharavatanakul	6/6	6/6	2/2	-
8. Dr. Jumpon <sup>1/</sup> Kluaymai-ngarm	6/6	6/6	-	-

<sup>1/</sup>In 2019, there were 4 meetings held, among the Non-Executives and Independent Directors/Member of Audit Committee, without the attendance of the Executives.

## 1.1.4 Directors' Reports

The Board of Directors should be responsible to control, promote and monitor the disclosure of various significant information in business transactions, corporate governance, financial statements and financial information disclosure to the public, in the Annual Disclosure Information (56-1), Annual Report (56-2) and the Company website (www.tndt.co.th). The financial statements should be made in accordance with the generally accepted accounting principle of Thailand.

For this purpose, the Board of Directors should appoint 3 Sub-Committees, which would comprise of Independent Directors who were not Executives, to review and audit the quality of financial managements and internal control systems, including the Directors and Top Executives' nomination and remuneration system. In these, the Sub Committees should propose the report to the Board of Directors for consideration.

## 1.2 Sub Committees : The Board of Directors have appointed 3 Sub Committees as follows:-

### 1.2.1 Audit Committee

The Audit Committees should be independent Directors and the Company's Directors which have been appointed by the Board of Directors and should have the qualifications according to the Securities Regulations and the Stock Exchange, including notifications, rules and/or the regulations assigned by the SET and the Company. A term on duty should not exceeding three years and not serve more than three consecutive terms (9 years). Unless the Committee's consideration for more than three consecutive terms, the Committee should unanimously approve such Independent director, having done the best interest for the Company, and should ensure that the extra term would not affect the qualifications of independence. Moreover, such Independent Director should be approved by the Board of Directors and proposed to the Shareholders for approval on the AGM.

# CORPORATE GOVERNANCE (CG)

## 1.2.2 Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee, half of members should be independent Directors and all the members should be appointed by the Board of Directors. They should have the qualifications as prescribed by the Securities Regulations and the Stock Exchange, including notifications, rules and/or the regulations assigned by the Stock Exchange of Thailand. Moreover, the meeting of NRC should be done regularly at least 2 times a year.

## 1.2.3 Executive Board

The Board of Directors should appoint the Executive Board by selecting from the Directors and/or a group of Executives as appropriated. Then, the Board of Directors should appoint one of the Executive Directors as the President.

The roles and responsibilities of these sub committees could be viewed at the management structure under the title of “**Management Structure**”, page 37 - 40.

## 1.2.4 Good Governance Committee and Risk Management Committee

The Board of Directors has not yet formed these 2 sub committees. Therefore, the Board would assign the Audit Committee to review the operations complying with code of conducts and the corporate governance principles, including setting up the Risk Management Policy and the Internal Control System to review and assess the risks management of the operations in all aspects both internal and external organization including the overseas businesses, for the best interests and the prevention of corruptions. These would be done by appointing the internal auditor to audit the work procedures in each department of the Company. The Audit Committee would review the policies, guidelines and the progress of the risks management, including various operational procedures and evaluate to reduce or control the risks so that the effects were at the acceptable level and prevent the corruption. In order for the internal audit to be independent and could operate at full power, the Board of Directors would specify that the internal audit would operate and report directly to the Audit Committee and that the Audit Committee would present the findings to the Board of Directors quarterly. This was prescribed in **the Annual Disclosure Information 2019** (56-1 : Part 1, Section 3 and Part 2, Section 11) and **the Annual Report 2019** (Form 56-2) under the topic “**Risks Management and Risk Factors**” page 14 - 17, and “**Internal Control System**” page 23 - 24.

## **1.3 Secretary**

### 1.3.1 Company Secretary

Please see the title of “**Management Structure**” under the topic of “**Company Secretary**”, page 40 and the Company website (www.tndt.co.th) in the “**About TNDT**” section under the title of “**Directors & Executives**”, subtitle of “**Company Secretary**”.

### 1.3.2 Secretary of Nomination and Remuneration Committee

### 1.3.3 Secretary of Audit Committee

### 1.3.4 Secretary of Executive Board

1.3.2 - 1.3.4 Please see the Company website in the section of “**Sustainability**” under the title of “**Corporate Governance**”, subtitle of “**Good Corporate Governance Policy**”.

## **1.4 Chief of Internal Audit**

Please see the topic of “**Internal Control**” in the title of “**Chief of the Internal Audit**” page 24 and the title of “**Details of Executives-Company Secretary-Chief of Internal Audit**” page 50 and the Company website (www.tndt.co.th) page “**Sustainability**”, title of “**Corporate Governance**” Sub-title “**Corporate Governance Policy**”

## **1.5 Compliance Unit**

Please see “**Internal Audit**” title of “**Compliance Unit**” page 24 and the Company website (www.tndt.co.th) page “**Sustainability**”, title of “**Corporate Governance**” Sub-title “**Corporate Governance Policy**”





# CORPORATE GOVERNANCE (CG)

## 1.6 Investor Relations Office

The Board of Directors would encourage the Company to establish the Investor Relations Office to be responsible for creating relationships with investors and communicating the Company's information to investors and outsiders equitably. In these, Investors could contact for more information as the details of **"Company Information and Communication"** page 4 and on the Company's website ([www.tndt.co.th](http://www.tndt.co.th)), on page **"Investor Relations"** in the title of **"Info Request"** subtitle of **"IR Contacts"**.

## 2. Investment and Overseeing the Subsidiaries or Associates

### 2.1 Investment Policy

The Company would consider significantly to the investing in businesses which support and benefit the Company's business or business in an industry with a tendency of growth and return on investment. The Board of Directors would jointly consider the Company's investment policy, by considering the necessity and appropriateness to support the business operations, as well as the Company's operating results and being beneficial and significant to the Company and shareholders. In these, the Board would strictly comply with the regulations of the Stock Exchange of Thailand, in regard to entering into connected transactions or acquisition or disposal of assets of the Company.

### 2.2 Governance Policy

#### Associates

The Company would oversee by sending the Company's representatives, who have the qualifications and experience suitable for the business of the investee company, as a director in such associated company. The Chairman, Top-Executives Officer, Top Management or any person of the Company might be the Representatives Directors in proportion to the shareholding and the number of director criteria of such company.

#### Subsidiaries

The Company would oversee by sending more than a half of the total number of directors. If the operation affected the Company significantly, the operation should be approved by the Company Board of Directors' meeting.

## 3. Capability Development

The Nomination and Remuneration Committee would be responsible for the potential development strategy of the new Directors, the Directors, the Executives and the Company's Secretary by taking into the appropriateness under the rules and regulations which are related to the Company's business.

In 2019, the training courses / seminars of the Directors / the Top-Executives / the Company's Secretary / the Executives in department and division, including the Employees in all levels were disclosed in **the Annual Report 2019**, under the title of **"Human Resource Development Policy"**, page 54 - 57, **the Annual Disclosure Information 2019**, on part 2 section 6 item 8.5.5 and **the Company website [www.tndt.co.th](http://www.tndt.co.th)** on page **"Sustainability"**, under the title of **"Corporate Governance"** subtitle of **"Corporate Governance Report"**.

## 4. Self-Assessment

The Nomination and Remuneration Committee would review the assessment form together and present them to the Board of the Directors. The Board of the Directors and the Members of Sub-Committees would assess their performance together and assess the sufficiency of the internal control system by using the Self-Assessment form of the Board of Directors, by applying the form of the SET to suit for the Company, and utilize the results to develop and improve the business operations, to achieve the assigned goals. The Company would provide the Self-Assessment of the Board of Directors annually by the 4th quarter, and would be done in 2 ways. These were 1) the Board of Directors' performance assessment as a whole, and 2) Director's assessment individually. These were done for the assessment of the effectiveness of the Board's performances on good corporate governance. The process would be as follows: -

# CORPORATE GOVERNANCE (CG)

4.1 The Nomination and Remuneration Committee would review the assessment accuracy, completely and in accordance with the regulations by applying the Self-Assessment form on the basis of the form of the SET.

4.2 The Board of Directors and the Sub-Committees would assess self-performance together by the 4th quarter of every year.

4.3 The Company's Secretary would gather and summarize the assessment results to the Board of Directors in order to develop and improve the business operations, to achieve the assigned goals. The results of the assessment would be displayed in the Annual Disclosure Information (56-1) and the Annual Report (56-2).

**The Board of Directors would assess their performances as a whole which would cover 6 different categories, they were:-**

1. Structure and qualification of the Board of Directors
2. Roles, duties and the responsibilities of the Directors
3. Board of Directors meetings
4. Directors' performance
5. Relationship with the Executives.
6. Self-development of the Directors and the Executives

**The Board would assess their performances as an individual which would cover 4 different categories, they were:-**

1. Structure and qualification of the Board of Directors
2. Roles, duties and the responsibilities of the Directors
3. Board of Directors meetings
4. Self-development of the Director.

The Self-Assessment of the Board of Directors were divided into 5 levels, they were:- 4 = Excellent / 3 = Good / 2 = Average / 1 = Below Average / 0 = Must be improved. The 2019 Self-Assessment of the Board of Directors could be summarized

as follows:-

Board of Directors / Committee	Assessment Score of year 2019 (AVG.)
1. Board of Director as a whole	3.99
2. Board of Director as an individual	3.94
3. Nomination and Remuneration Committee as a whole	3.99
4. Nomination and Remuneration Committee as an individual	3.94
5. Audit Committee as a whole	3.99
6. Audit Committee as an individual	3.98

## 5. Remuneration

The Board would assign the Nomination and Remuneration Committee to consider the remuneration of the Directors appropriately and transparently by comparing to other companies in the similar fields and in the same level, including the duties, responsibilities and also considering the expansion of the business and the growth of the Company's profit which should be sufficient to attract and retain valuable and qualified Directors. The remuneration of Directors in each year would be allocated from the remaining balance after the meeting allowances have been deducted, and would be presented to the Board of Directors for approval and further propose to the Shareholders Meeting for approval. In this, the Directors who were given more duties and responsibilities would be rewarded more to compensate with the tasks given. (Please see the title of "Remuneration", page 51).



# CORPORATE GOVERNANCE (CG)

## Principle 4 : Ensure Effective CEO and People Management

### 1. Development and Succession Planning

The Company realized the important of the selection of personnel to succeed in all levels with transparency and fairness in order to ensure that the operations of the Company would be continually managed and be capable to expand its operations and customers instantly. The Nomination and Remuneration Committee should be responsible for governing and enforcing the Company to issue and review the development and succession plan of the key positions which would be beneficial to the business operations, for instance the position of Managing Director, Chief Executive Officers and Key Positions which would be essential to the Managerial Structure, position of unique skills, depth expertise and hard to replace. The Committee would assess the situation in the business and the personnel efficiency along with the Company's strategy in short-term and long-term. These were done for planning the nomination and selection of the qualified personnel with knowledge, skills and expertise, as well as leadership skills adequately in order for developing and preparing in all aspects, so as to comply with the human resource development plan and the assessment of potential performance as expected and scheduled, and then proposed to Board of Directors for approval and/or acknowledgement.

For more information, please visit the Company Website ([www.tndt.co.th](http://www.tndt.co.th)) in the “**Sustainability**” section under the title of “**Corporate Governance**”, subtitle “**Corporate Governance Policy**”

### 2. Top-Executives and Executives Nomination

#### 2.1 Nomination

The Board of Directors would assign the Nomination and Remuneration Committee (NRC) to take responsibility for determining and reviewing the rules and regulations to meet the nomination processes of Human Resources in nominating and selecting a person to be appointed as Top-Executives and Executives, including the transfer and removal together with the Managing Director / CEO yearly in granting approval, the person to be considered as Deputy Managing Director and Assistant Managing Director or equivalent, and propose to the Board of Directors for consideration. The NRC would consider the knowledge, skills and experiences, including various expertise in the Company's business and related industries, in which would be the best interests of the Company's business. Moreover, such person should have leadership, vision and good attitude, good management skills, dare to think and make decisions, have creative ideas and modernize to create business opportunities and lead the organization success. Anyway, the qualifications of such person should be under the Public Limited Companies Act BE 2535, the Securities and Exchange Act., Good Corporate Governance and Succession Plan.

#### 2.2 Taking a Position in the Listed Company and in the Subsidiaries which is not a Listed Company

The Board of Directors indicated that the Managing Director of the Company could remain in the position of the Director of a listed company for no more than 3 companies, and for other companies or subsidiary companies that was not a listed company, for no more than 5 companies. However, this did not take into account the Company's subsidiaries or affiliates and the joint ventures by the Company where there was a necessity to oversee and manage in order to protect the best interests of the Company.

#### 2.3 Authority and Responsibilities of the Managing Director

The Managing Director would act as the Chief Executive Officer (CEO) by managing and overseeing the normal practices in business operations with the authority to process and monitor all activities in accordance with the policies given by the Board of the Directors under the rules and regulations of the Company. The CEO would also have the authority to approve as mentioned on the authority plan, consider the business strategies and should report the operating results to the Board of Directors regularly.

However, the CEO should comply with the guidelines and various regulations determined by the Board of Directors and should not approve of any items that might arise a conflict of interests or those that might have conflict of interests with the Company or its subsidiaries. If there were such cases, the CEO should report to the Board of Directors for further considerations.

The Board of Directors determined the policies and the guidelines for the CEO or Executive Directors to take position as the Directors of another company, both type of position and number of companies they might take, these should be approved by the Board of Directors.

# CORPORATE GOVERNANCE (CG)

Please see the Authority and Responsibilities of the Managing Director under the topic “**Management Structure**”, title of “**Managing Director**” page 41

## 3. Development of Top-Executives and Executives Group

### Top-Executives and Executives Group

The Board of Directors encouraged the Company to support the Top-Executives and Executives Group to attend training / meetings/ seminars, related to the Company's business and useful for performing their duties which organized by the IOD, SEC, SET and Thaipat or any other related institution, annually as appropriate. The purposes were to develop skills, the potential for management in accordance with the rules, regulations or legal requirements, to improve knowledge and develop themselves and apply for the Company's operation, and to transfer such information to the Managing Director or related management. The Top-Executive and Executives Group were required to attend training / meetings / seminars at least 5 courses per year.

### Employees

The Board encouraged and supported the Company to provide training in various fields for employees in all levels as of their responsibilities regularly, both the Company's main profession training for customer service requirement in accordance with standard of “The American Society for Nondestructive Testing (ASNT)” and other international organizations related, including training in various types of safety at work and other related, quality systems and soft skills training for the employees' improvement and working adoption as appropriate. In addition, the Company also provided foreign and local experts to train for the Company's personnel to be more knowledgeable and expertise.

Please see the details in **the Annual Disclosure Information for the year 2019**, on part 1 section 3 and part 2 section 11, including **the Annual Report 2019** in the title of “**Human Resource Development Policy**” page 54 - 57

## 4. Assessment

### 4.1 Managing Director

The Nomination and Remuneration Committee would assess the performance of the Managing Director by applying the CEO assessment form, on the basis of the form of the Stock Exchange of Thailand, in the 4th quarter of the year. The assessment was divided into 3 categories which were;

1. Business strategy progression
2. Operational performance assessment
3. CEO development

Then, the result would be proposed to the Board of Directors for approval and would apply the outcome to develop and improve for better performance in order to achieve the assigned goals. However, the results of the performance assessment of the Managing Director in 2019, was in “very good” level. The details of assessment were personal confidential information and could not be disclosed.

### 4.2 Top-Executives

The Nomination and Remuneration Committee has considered and approved criteria and performance assessment factors, as well as approved the remuneration structure of Top-Executives and monitored Managing Director / CEO to assess the Top-Executives to be in accordance with the assessment criteria and in compliance with such factors completely and would report to the Board of Directors in the 4th quarter.

### 4.3 Executives / Employees

The Nomination and Remuneration Committee has determined policies, oversaw and monitored the determination of criteria and factors in assessing the performances of all employees in the organization by assigning the Managing Director / CEO together with those who were assigned or involved to proceed and communicate to the employees to acknowledge the criteria for assessment, in order to motivate themselves to receive appropriate and fair compensation for the employees who committed and intend to develop their potential to be better and valuable to the organization. In 2019, the overall assessment results of Executives and Employees were good.



# CORPORATE GOVERNANCE (CG)

## 5. Remuneration

### 5.1 Remuneration of Managing Director (CEO)

The remuneration of the Managing Director (CEO) would be determined each year according to the principles and the policies that the Nomination and Remuneration Committee designated, and for the best interest of the Company. The level of short term remuneration would be in the forms of salary, bonuses and long term incentives should be conformed to the financial performance, the long term operational strategies, result of operation, Executives development, together with considering the business expansion and the growth profit of the Company (Please see the title of “**Remuneration**”, page 52).

### 5.2 Remuneration of Executives

Remuneration of the Executives are determined annually by the Managing Director, in accordance with the policy of the Nomination and Remuneration Committee designated. (Please see the title of “**Remuneration**”, page 52).

## 6. Shareholding Structures

The major shareholder of the Company is the Miss Chomdeun Satavuthi family, consisting of Miss Chomdeun Satavuthi / Mr.Kirrkkiat Satavuthi / Mrs.Juraisri Satavuthi / Mr.Anusorn Satavuthi / Miss Rassiya Satavuthi and Mr.Suwat Dangphibulskul, herein referred to as “the Major Shareholders”, the total shares would be considered as acting in concert, according to the Capital Market Commission Board announcement (TorJor.7/2552) under “The specifications of relationship or behaviour described as ‘acting in concert’ ” and under Section 246 and 247 of the Securities and Exchange Act, in order to assert the owner’s rights to vote and still maintains the authority as the signatory and the Executive of the Company. Therefore, the Major Shareholders has the authority in management and control the votes in most of the significant meetings, except legal matters or the Company’s regulations which states that the accepted votes of the shareholders meeting must be no less than 3 in 4 of the number of shareholders present and has the rights to vote in the case of an objection. In other words, other shareholders in the meeting which has the rights to vote may not be able to gather enough vote to object or balance out the management of the Major Shareholders.

For the disclosure of changes in securities holding of directors, Top-Executive and Executives of the year 2019, please see the details in the topic table “**Shareholding Structure**” on page 33. For employees in relevant departments, there was no transaction to buy, sell, transfer or accept the transfer of securities.

## 7. Personnel Management

In Engineering business, the qualified NDT personnel & experts and Authorized API Inspectors would be in high demand in both the industrial sector and the inspection entrepreneurs. To qualify these personnel would have to waste time and capital for training, especially the timing. The amount of qualified personnel and the demands in the industry did not match, resulting in the shortage of qualified personnel and migration, which would increase in violation on the expansion of industry. Nevertheless, by the current shrinkage of the industrial sector, the shortage would not occur. On the other hand, the shortage of workload, the overflow personnel occurred. The Company has resolved these issues by planning to expand the inspection to other industrial groups with the upcoming transforming technologies. Therefore, the Company has accelerated the promotion and development of techniques and the performance of the overflow personnel, for appropriateness to support this expansion plan later.

# CORPORATE GOVERNANCE (CG)

## Principle 5 : Nurture Innovation and Responsible Business

### 1. Innovation Organization

The Board should prioritize, promote, support and monitor the Management to create an operational culture to be “an innovation organization” which was considered a part of strategies and business plans to add value to the Company and benefited for all relevant stakeholders. The innovation should be modified to suit the changing of surrounding factors, which would cover the process of design, research and service development, improve the operational processes and develop the work processes with partners. The Executives should review, improve and monitor the innovation to achieve the set-up objectives.

In this regard, the Company has managed the policies assigned by the Board of Directors. The Board has also clearly defined goals and guidelines for innovation development to allow the management and executives to communicate to employees, and listen to comments and suggestions from all relevant stakeholders. These were to improve the goals and guidelines for continuous innovation development. The Board has been defining the vision of the organization as follows:-

**“Our Efficiency, Ethics, Innovation, Quality and Safety, you can always rely on.”**

The Company has formed the Creative Research and Development Division (CRD) with the knowledge, expertise, and creativity personnel to research, develop and invent tools, equipment to be modernized innovations which would be according to international standards and practicable. These were capable to create values to the customers and the Company with more efficiency, more readiness on designated target time, as well as the qualified, accurate and reliable reporting.

In addition, for the Government policy of promoting innovations, managed by the National Innovation Agency (NIA), the Company has been approved for the supporting fund under the topic of **“the Semi-auto powered X-ray machine for oil and gas pipeline inspection by non-destructive testing”**. The project's benefit was the usage of electromagnetic energy to replace in some part of the radiation, which would enhance the safety of radiation effects on the operators, the related persons, as well as the surrounding environment. The equipment has been invented completely by the end 2018 and served in the Company's project from 2019 onwards.

### 2. Business Operation with regard to Stakeholders

The Board of Directors should encourage and determine the guidelines for business operations and monitor the executives and employees in the organization to comply with ethics, code of business conduct and good corporate governance, by adhering to operating on the basis of responsibility to the community, society and environment, in accordance with the objectives, goals and strategies of the organization, and taking into account all groups of stakeholders by their rights, laws or agreements having with the organization. Anyway, the Company has also disclosed important information for stakeholders' acknowledgment sufficiently, no violation of their rights. There were channels for whistleblowing or complaints on any issues related to legal offenses, inaccuracy in financial reports, defective internal control system or unethical practices. There were measures to protect the rights of whistleblowers, for the directors, executives, employees, and all stakeholders to acknowledge and perform as well.

In these, the Board has set up the ethics, code of business conduct and the company's regulations manuals to be operational guidelines for the Directors, Top Executives, Executives and all Employees. In addition, there were monitoring to be consistent with the objectives, goals, and strategies of the organization as follows.

#### Shareholders

The Company commits to run business with good operation results and take profits continuously and steadily including to provide equitable compensation as on the dividend policy, disclose the operations, financial and non-financial information accurately, transparently and accountability. They are for all the shareholders to get the best interests with fairness and equitably. The Company shall regularly update the Company information via the SET and the Company's website: [www.tndt.co.th](http://www.tndt.co.th). Moreover, the Company shall comply with all the principles relating to the shareholders in accordance with the good corporate governance of the SET, the Company's rules and regulations, and other legal concerned.





# CORPORATE GOVERNANCE (CG)

## Customers

The Company commits to service customers with safety of life and property and the environment, with adherence to integrity, fairness, caring, responsibilities and provide quality of services on the basis of professional ethics, international standards and legal concerned. The Company has served the qualified testing and inspection in all processes with accurate and reliable inspection results to the customers in the industry, to affirm the quality and safety for the products, processes or workpieces of the project owners which have been inspected. Additionally, the Company recognizes the importance on the rights of customers and colleagues around the working place, there will be safety training course in the customers' workplace to create a mutual understanding of the operations and reliability in the service of the Company.

In 2019, the Company promoted and supported its customers by training and educating the customers in various job sites, there were 80 staff attending the course of radiation safety and safety in operations. Moreover, the Company has also signed a collaboration for quality and safety in all processes while working with SCG Chemicals Co., Ltd., the work-safety was successful well in the past year.

The Company has set up the target of Customer Satisfaction Survey of year 2019 at 71.43%, while the results of 276 Survey sheets of various customers were at 90.02%, in the “**very good**” level. The customers' satisfaction in highest scores were by the following five aspects:-

1. Priorities for the future	100.00%
2. Safety	92.60%
3. Technical Competence & Technical Communication	92.31%
4. Site Communication	91.38%
5. Equipment	91.02%

In addition, in case if the customer has complained or assessed “less than the criteria”, the Company would urgently proceed to the Jobsite for analysing the cause, finding preventive action in order not to re-occur such incident. The occurrence and preventive action would be notified to the customers as soon as possible. In 2019, there was 1 case – less than the criteria, the Jobsite has accelerated the solution, clarified the customers and finally been re-assessed in the “**very good**” level.

## Employees

The Company policies and procedures are on the fundamental right of employees, benefits corresponding to the performance of the Company both in short terms and long terms, on the basis of their abilities with fairness and equality, for examples:- annual performance evaluations, Company business strategic evaluations in the period of 3-5 years, additional welfare over the legal regulations, such as provident fund, life and accident insurances, health care by providing annual health checks according to the nature of the work involved, and cooperation with the official banking institutes in providing various types of welfare loans in lower interest rate to create their extra careers, and to solve the employees' family personal debt both in long term and short term, etc. In addition, the Company also provide a good environment in the workplace, there are resting area, and activities area for employees, including the provision of safety equipment to prevent work hazards, etc..

Moreover, the Company always treat employees with respect to their honour, dignity and human rights. The Company also provides the necessary equipment to prevent danger from work, does not violate the privacy rights, encourages and supports employees to train both inside and outside the organization, training the health & safety in working and new techniques, creates the professional expertise regularly in order to maximize the potential and performance of the organization, as well as provides opportunities for the employees to develop in various work skills and to grow in line with their skills and experiences. The results of the annual training for the year 2019 has to be viewed on **the Annual Disclosure Information 2019** (56-1: Part 2, Section 8, Item 8.5.5) and **the Annual Report 2019** in the title of “**Human Resource Development Policy**”, page 54 - 57.

The employee benefits policies have to be viewed on **the Annual Disclosure Information 2019** (56-1: Part 2, Section 8, Item 8.5) and **the Annual Report 2019**, in the title of “**Remuneration and Benefits**”, page 52 - 53

# CORPORATE GOVERNANCE (CG)

For the anti-corruption, the Company promotes and emphasizes all employees to strictly comply with the rules and regulations in accordance with relevant standards and laws. The Company also provides opportunities for employees to clue, complain or suggest on various matters arising from the operations via email / post / Human Resources Department while un-disclosing the information of the complainant. More information can be viewed on **the Annual Report 2019** in the title of “**Anti-Corruption**”, page 25.

In 2019, no any employees' violation in legal, regulations or standards, including no any complaints at all.

## **Trading Partner**

The Company's policies are to strictly select trading partners with ethics and integrity, operate the similar business or the related, good reputation and experiences with technical expertise, and strong financial status. The Company will treat the trading partners under the agreement with integrity and fairness, both the procurement processes and the terms of contract or mutual agreements, including not being exploited and not accepting gifts or rewards, not joining the parties or any activities with the aim to facilitate the operations and private benefits.

It also provides mutual assistance in exchange and joint development to enhance the competence of personnel and technology in service to meet relevant standards, workforce handle with fairness, including community, social and environment responsibility as prioritized.

In 2019, The Company had 3 collaboration projects with the partners from Indonesia, Malaysia and Singapore. The projects were successfully well.

## **Creditors**

The Company shall comply with the contracts, agreements, obligations and liabilities that may arise, as well as the conditions as agreed strictly, transparency and no secrecy. In case of the Company cannot comply with the contracts or conditions agreed upon, the Company will notify the creditors in order to jointly find possible solutions. Moreover, the Company will maintain an appropriate capital structure in order to support the business operations and creditor confidence.

## **Product owners, Suppliers or Distributors**

The Company commits to create a fair partner and maintain a good relationship with the product owners, suppliers or distributors without taking advantages. The purchases and sale of products and services are under the mutual agreement in terms of appropriate pricing and quantities, while the product owners / suppliers / distributors shall supply products and services by the quality, standards and prices as agreed with the Company. The Company also prohibits Directors and Employees of the Company to receive any personal benefit from them.

In addition, the Company emphasizes to select the distributors whom the Company can return the existing waste disposal from the service to eliminate technically and legally.

## **Contractor**

The Company will recruit qualified contractors to perform according to the terms stated in the contract, as well as treating them as employees without exploitation, and perform likewise the Company's employees.

In 2019, the Company supported its Contractors by training and educating the knowledge of safety in operations, there were 10 participants attending these courses.

## **Competitors**

The Company pledge to behave in accordance with the rules of the fair competition. The business with policies is to avoid exploitation, unethical manner such as caluminate, aspersion, misrepresent or any other way to attack rival.

## **Government Offices**

The Company will cooperate and comply with the rules and regulations of government offices and the related standards. The Company will also comply with the procedures with accuracy, honestly, ignoring the bribery, gift or any other which contribute to facilitate the business operations.

In addition, in 2019 The Company has cooperated with government agencies in training in “the program to develop the potential of 46 practitioners in engineering to operate in compliance with the fuel control law of the Department of Energy Business”.



# CORPORATE GOVERNANCE (CG)

## Human Rights

The Company realizes the importance in respecting the human rights with impartiality and equality, by considering the human's dignity, freedom and not discriminate with regard to race, nationality, origin, skin color, sex, language, religion, culture, class, gender, age, disability, marital status, physical and health status, personal status, economic or social status social beliefs, education, training or political opinions and other means according to the principle of the international human rights law, in which the Directors, Executives and Employees including all employees in the subsidiaries must strictly follow the policy. The Company also provides equivalent opportunity to work under the lawful rules, regulations, announcements, practices and orders of the Company. In addition, the Directors, Executives and Employees will not, in any way, violate or harass, either verbally or physically to any individuals, no discrimination or exclusion of anyone, and encourage everyone to be aware of their rights, duties and responsibilities towards other individuals and society

In 2019, Besides Thai employees, the Company has also employed 32 foreigners, with differences in race, religion, language, culture, etc. They had the opportunity of co-working, techniques knowledge exchange and development. The Company has taken care of and treated all employees of all nationalities, religions with impartiality and equality.

The additional information of the human rights policy can be viewed in **the Annual Report 2019** under “**Corporate Social Responsibility (CSR)**”, page 91

## Anti-Corruption and Assessment the Risk of Corruption

The Company has a policy to control and oversee the business operations in compliance with the rules and regulations, the related laws and standards, by training / disseminating knowledge and guidelines on anti-corruption to employees throughout the organization to prevent and monitor risks of corruption. In addition, the Directors, Executives, the Company's employees are prohibited from employing their authorities, be it for the direct or indirect benefits to self, or any others. This includes prohibiting the offer of unlawful benefits to any other person in order to obtain the Company's business interests. The Company shall monitor the Anti-Corruption Policy, review and assess at least once a year, as well as revise the practical and requirements of the guideline in accordance with the changing of the business, standardized regulations and the legal related requirements.

Anyway, the Company also recognizes the importance of good corporate management for the growth of organization and stabilities of expansion, strong financial position which can generate the returns for shareholders at the appropriate level. The Company considers to assess and manage the risk to prevent corruption that may occur by the frameworks of operation and procedures of risk management in accordance with the international standard guidelines of The Committee of Sponsoring Organizations (COSO), for those who concerned will understand the principles of risk management and apply appropriately. The Company has disclosed the information on **the Annual Report 2019** under “**Anti-corruption**” on page 25 and “**Corporate Governance (CG)**”, Principle 6 Strengthen Effective Risk Management and Internal Control “**Internal Control and Risk Management**” on page 80.

## Occupational Safety, Health and Environmental Practices and Policies (HSE)

The Company considers the occupational safety, health and environment for all levels of employees. Therefore, the Committee of Occupational Safety, Health and Environment have been formed for the purpose of determining the policies, the practical guidelines and follow up with practical operations. The Committee will organize monthly meetings in order to summarize the procedures according to the policies and report any accidents occurred from work. To prepare the work procedures documents, provide technical information within the appropriate boundaries to prevent any damages that may be done to the human resources and the environment are as well. In addition, the Committee will provide regularly the activities and training concerning to the safety for the employees and the customers.

In 2019, the safety training courses for the employees were the health, safety and environmental = 103 attendees (a.), radiation safety training = 109 a., emergency radiation drills = 67 a., safety driving training course = 75 a., fire-fighting and fire evacuation drill = 117 a., alcoholic and drugs random check = 80 person (9,040 times), illumination measurement = 242 points, annual detection and analysis of the concentrations of hazardous chemicals in the workplace atmosphere and chemical storage facilities, in compliance with the safety standards and regulations.

## CORPORATE GOVERNANCE (CG)

In addition, the Company provided annual health check-up for the employees to guarantee the health and safety issues, including giving constant and continuing advice to the employees. The Company also provided safety systems during operations for the employees and the general public involved, as well as random checked the safety of radiation areas by the HSE unit and annual random checked the safety in radiation storeroom by the officer of the atomic for peace. The tools/equipment for testing and inspection should be checked and/or calibrated for the quality and safety control, which were in compliance with international standards and government agencies' rules. They were to assure to the society and environment concerned. The Company's operations always emphasize on working on the basis of occupational ethics and morals.

### Summary of HSE Performance in 2019:

Evaluation	STAT. of 2018 (case)	HSE Goals of 2019 (case)	HSE Performance of 2019 (case)
Fatalities	0	0	0
Lost Time Occupational illnesses (LTOI)	0	0	0
Lost Time Injury Frequency (LTIF)	3 (0.74/200,000 Mhrs)	≤ 1 (0.27/200,000 Mhrs)	0
Total Recordable Injury Rate (TRIR)	5 (1.23/200,000 Mhrs)	≤ 3 (0.62/200,000 Mhrs)	2 (0.32/200,000 Mhrs)
Vehicle Accident Rate (VAR)	7 (1.72/200,000 Mhrs)	≤ 4 (0.84/200,000 Mhrs)	20 (4.41/200,000 Mhrs)
Effective Radiation Overdose Rate (EROR)	3 (0.74/200,000 Mhrs)	≤ 1 (0.27/200,000 Mhrs)	8 (2.05/200,000 Mhrs)

**Note:** Accident rate calculation, OHSA standard = 
$$\frac{\text{Number of injuries and illness} \times 200,000}{\text{Total Man hours of all employees}}$$

The occupational health, safety and environment operations of the Company were in accordance with the annual plan for year 2019. However, the vehicle accident rate and the recordable effective radiation overdose rate have not met the Goal, the Company has prepared prevention plan to reduce the vehicle accident and the effective radiation overdose in 2020 later.

### Awards for Health, Safety and Environmental Practices and Policies (HSE)

For the adherence of compliance to the HSE practices and policies in year 2019, the Company had obtained the awards in Health, Safety and Environment as follows:-

1. The honourable award of ***"The Company has successful attended and completed TUBE Inspection on annual maintenance shutdown 2019, EBSM PLANT production Unit."*** from IRPC (Public) Co., Ltd.
2. The honourable award of ***"The Green Industry level 2 (Green Activity), successful implementation in the environmental impact reduction activities as determination"*** from The Ministry of Industry.
3. The honourable award of ***"Zero Medical Treatment Achievement, in recognition of noteworthy and successful Safety Performance of Safety Operational Control during PTTAC Turnaround 2019"*** from PTT Asahi Chemical Co., Ltd.
4. The honourable award of ***"Safety Role Model" of the 3 TNDT's safety officers - technical level, who have controlled the operations during the turnaround period with Zero accident."*** from JSR BST Elastomer Co., Ltd. (JBE).
5. Top Awards ***"Unsafe Action / Unsafe Condition Report for January 2019"*** from Petronas/Pcml (Offshore in Myanmar), 1 award.
6. Top Awards ***"SOC Card of the Monthly for the year 2019"***, 12 awards for TNDT onshore operators at Lan Kabure District, Kamphaeng Phet Province from PTTEP S1



# CORPORATE GOVERNANCE (CG)





# CORPORATE GOVERNANCE (CG)

## 3. Resources allocation

The Board realized to oversee and monitor the executives to allocate and manage resources throughout the Value Chain appropriately to the business model. The resources have to be reviewed and developed effectively and efficiently, by recognizing the necessity and worthy of resources usage, the variation of internal and external factors, and how available resources correlate. The resources optimization would be on the basis of ethical, responsibility and value creation, to achieve the goal and sustainability of the Company. The resources to be considered were as follows:

### 3.1 Financial Capital

The Executives should adequately manage funds for business operations or could continuously manage in the long term, to be in accordance with the objectives, goals and investment plans including having to receive adequate compensation, worthwhile and in accordance with the agreement appropriately. The Executives should analyze and assess the results of operations whether the financial management still followed the investment plan or not, accuracy or error in any part, in order for the improvement later on. In addition, the policy of buying-selling with Thai baht, to reduce the foreign exchange risk, would prevent fluctuations in the cost of services from unstable prices.

### 3.2 Service Capital

#### (1) Process and Method of Services

The Executives should always manage the process and method of services to meet the customers' requirements and relevant standards. The Company would emphasize the significant development of innovation in the organization, by focusing on speediness, accuracy, including mainly emphasizing in safety for lives, properties, and environment. These were done to increase customer service efficiency, to enhance the competitiveness and value added to the organization, including reducing the service costs from relying on foreign technology.

#### (2) Tools, Equipment and Accessories

The Executives should draw a carefully-planned for tools, equipment and accessories in accordance with the actual project workload, along with closely tracking the industrial situation. Some of the materials used were related to the stability of the country such as radioactive materials, remodeling in Government Policies in which might obstruct the performance of legal procedures. The Company should increase awareness and pursuance of the government's policies concerned, to prevent any disruption of the law and regulations

### 3.3 Human Capital

The qualified NDT personnel and experts were in high demand in both the Industrial sector and the inspection entrepreneurs. The creation of these personnel required both time and capital for training to meet the requirements in the industry. In addition, the Company has planned to expand the inspection to other industrial groups with up-to-date techniques. Therefore, the Company has accelerated to promote and develop both technical and efficiency of existing personnel to be ready for further expansion plans, by setting the guidelines to create and develop potential personnel who should be enthusiasm, interested and ready to develop their potential to attend both internal and external training by the experts, etc., to be experienced and expertized in operations. There were opportunities to allow the employees to create, research and develop the modern innovation to enhance the service efficiency, including raising the employees' awareness to uphold the ethical and code of business conduct, morals and good virtue when servicing the customers.

Please see the additional results of training in 2019 on **the Annual Disclosure Information 2019**, part 2 section 8 item 8.5.5 and **the Annual Report 2019** in the title of “**Human Resource Development Policy**” page 54 - 57.



# CORPORATE GOVERNANCE (CG)

## 3.4 Intellectual Capital

The Company has supported and encouraged employees who had ability to research and development by forming the Creative Research and Development Division (CRD) with the knowledge, expertise, and creativity personnel to research, develop and invent tools, equipment to be modernized innovations which were according to international standards and practicable. These would be capable to create values to the customers and the Company with more efficiency, more readiness on designated target time, as well as the qualified, accurate and reliable reporting. It has also reduced the costs of importing, created customer value as well as business value to the organization. The research and development have been progressing well, could be used in operations and reduce the operating time, as well as more convenient and safety for health and environment. Moreover, the Company has focused on its customers relationships building, including those relevant. Due to the Company trusted that having a good relationship between each other will create understanding, certainty, and confidence in the operations, it would contribute to the development of workflow efficiency and having a great achievement together.

In addition, the Company has set a no intellectual properties or copyrights violation policy by purchasing the legal license software to use in the organization and having systems to prevent the copyright violation software installing, as well as training the new employees on orientation and publicized continuously through the Company's media such as the Company websites and emails, etc. Moreover, all employees must sign an agreement on no computer-crimes and no violation of intellectual properties, the software of the employees is examined and arranged to prevent the use of illegal software or those which are unrelated to work, including the use of the internet which can only be used for researches and as the source materials for work. In 2019, there has been no case of employees utilizing illegal software or violation of intellectual properties in the Company.

## 3.5 Social and Relationship Capital

The Company has aimed to understand all of the cultures and traditions in every operating area in order to coexist peacefully, co-creating, co-developing and supporting activities in the community, including resource conservation and environmental of communities nearby, by applying the knowledges and business experiences to develop and enhance benefits for the Community both in the short and long term as appropriate, and in accordance with the activities of the community, such as the students from various institutions to visit and study the Company's operational, as well as educate students as trainees to study the duties performing along with the basic knowledge as learned in the education institutes, etc., or cooperation activities in the local area of operations, and would not cause a negative impact to the communities near the operating areas and will conserve the environment and the resources in the vicinity.

In 2019, the Company has provided trainings both theoretical and practical NDT & Inspection techniques and work-safety knowledge for 55 students and interested person of various institutions, including 8 internship students to learn the actual work life in line with their educational knowledge, both in Bangkok office and up-countries job-site. Moreover, the Company has provided a project to promote the occupation of 3 disabled, by publicizing to employees, whose family members or their surroundings are the disabled, according to Section 35 of the Promotion and Development of the Disabled's quality of life. The Company has provided financial support for their career, for themselves and their families sufficiently and sustainably.

In addition, the Company has provided activities related to the nearby community and environment's developing, and has been reported on the Annual Report 2019 under **"Corporate Social Responsibility (CSR)"**, on page 93 / 97 and **the SD Report** on the Company website ([www.tndt.co.th](http://www.tndt.co.th)) in the section of "Sustainability" under the title of **"Corporate Social Responsibility (CSR)"**, subtitle of "Sustainability"



# CORPORATE GOVERNANCE (CG)

## 3.6 Natural Resources Capital

### (1) Environment within the Organization and Nearby

The Company has provided knowledge and disseminated the environmental policy to all employees to commit and comply strictly with environmental standards and regulations, not making any impact arising from the operational use of existing resources to the environment and society. Moreover, the Company had joint-campaign and encourage employees to use resources wisely by recycling and reused the materials by modifying the disposal of scrap materials to be ready to use which was efficiently contribute to reducing the costs of operation, as well as the campaign of waste separation were to reduce the pollution caused by social and environmental impact of solid waste to be utilized as much as possible, which would reduce risks from hazardous waste. The Company has also organized energy conservation activities as appropriate, for subconscious and values creation in energy saving and worthy, as well as usually practiced in all related activities.

In addition, the Board of Directors has determined policies, visions and missions to create credibility in management, including promoting, supporting and monitoring the Company to operate and organize activities, which would be participated in supporting activities related to community development and on the basis of the responsibility to the community, society, and the environment.

In 2019, the Company's activities, related to the development of the community and environment nearby, were reported in **the Annual Report 2019** in the title of **"Corporate Social Responsibility (CSR)"** on page 93 / 97 and in SD Report, on the Company's website ([www.tndt.co.th](http://www.tndt.co.th)) on page **"Sustainability"** in the title of **"CSR"** subtitle of **"SD Report"**

### (2) Society and external environment

The Company has emphasized on the rules and regulations which would be beneficial to the social and environment for both public and private sectors, especially in all activities relating to the business operation, for example the regulations for radiation possession and utilization by the Office of Atomic for Peace, Ministry of Science and technology, the regulations by the Department of Energy Business, Ministry of Energy, etc., including all practices of International standards. It has also included the disposal of waste from the remaining material from the service, not to be burden and danger to society and the environment, such as radioactive waste, toxic waste, magnetic powder, etc. The Company's operation was according to international standards, including all related regulation in disposing of leftover waste by returning to the manufacturer or the dealer, or returning to the registered company which have been licensed by the Department of Industrial Works for proceeding the removal in the correct way. This was done for the sustainable development of society and environment furthermore.

In addition, the Company has also promoted projects or activities for society and external environment, with cooperation from executives and employees from all departments. The Company has also provided opportunities for stakeholders to participate in projects or activities of the Company by the occasion or appropriateness, including the campaign to use the Company's resources effectively and efficiently.

In 2019, the Company has returned the 41 units of radioactive waste back to manufacturers in the country of origins. including disposing of the toxic wastes such as sprays cans, magnetics powders and etc. by returning them to the Professional Waste Technology (1999) Public Company Limited, the waste disposal company that was licensed by the Department of industrial work, in the volume of 3.29 tons. These were for proceeding to eliminate them technically and legally, not to be burden and danger to society and the environment. The disposal waste was reported on **the Annual Report 2019** under **"Corporate Social Responsibility (CSR)"**, on page 92 and **the SD Report** on the Company website ([www.tndt.co.th](http://www.tndt.co.th)) in the section of **"Sustainability"** under the title of **"Corporate Social Responsibility (CSR)"**, subtitle of **"Sustainability"**

## CORPORATE GOVERNANCE (CG)



### 4. Information Technology Management

The Board of Directors had the duties in supporting, overseeing the innovation and technology applying in the organization, in order for value creation and opportunity to develop operations for the business, including risk management as appropriate for the nature of the organization. The Internal Control system of the internal auditor, which was an independent unit, would monitor and assess the performance of the executives whether the technology could be used for the best interests and to achieve the organization's goal.

The Company had a policy and measures to oversee/control the usage of information technology and internal information in the availability of information regularly, provided the access to information in the order of employees' duty and position. In addition, there was a system to prevent damage of information technology which might be utilized dishonestly, or changing information without permission, or taking advantage of confidential information that might affect the price of securities, or to prevent personal exploitation and those involved. In 2019, there was no usability of information technology in the wrong way.

# CORPORATE GOVERNANCE (CG)

## Principle 6 : Strengthen Effective Risk Management and Internal Control

### 1. Internal Control and Risk Management

The Board of Directors and the Company have emphasized greatly on the internal control system, both in the executives level and the operational level in order to reflect the long lasting efficiency and the effectiveness in all areas, be in the internal atmosphere, operational risk assessment and risk management policy covering the whole organization, in order to prevent corruption cases which might incur and to provide training the policies and practices of the Company's anti-corruption, to cultivate denying to pay bribes for the benefits of the Company's business. Moreover, the risk assessment of controlling and monitoring the media and communicational system has to be done continuously, as well as clearly distributing responsibilities. In these, the good corporate governance system to achieve a good counterbalance and the connected transactions have to be monitored appropriately.

In addition, for the internal control of the financial system, financial liquidity and repayment condition, the Company has prepared a financial report by appointing the executive in charge with the Audit Committee to review and assess the adequacy of the reports by utilizing the Internal Control Integrated Framework of the Committee of Sponsoring Organization of the Treadway Commission (COSO) in the form of Enterprise Risk Management or COSO ERM, which consisted of 8 elements covering the management as follows:-

- Part 1 Internal Environment
- Part 2 Objective Setting
- Part 3 Event Identification
- Part 4 Risk Assessment
- Part 5 Risk Response
- Part 6 Control Activities
- Part 7 Information and Communication
- Part 8 Monitoring

These were to identify potential events that might impact the organization, and managed to be in its risk appetite level, to provide confidence that the performance has achieved the objective of the organization. Independent internal auditors, assigned by the Audit Committee, would take responsible for auditing the accuracy and transparency of information as of the annual operational plan which has already been approved, and reporting the review results to the Audit Committee for acknowledgment. The audited result would be presented to the Board of Directors for acknowledgment every quarter. In case of any suggestions or significant defects, the internal auditor would report to the Audit Committee, and present to the Board of Directors for consultation and further improvement..

For the authorization of each transaction, the Company's best interests should be considered, by following the authorization chart. The future transactions could only be authorized by those who have no stakes in the said transactions.

In year 2019, the Audit Committee has reviewed the various operating systems, and has prepared **"the Report of Audit Committee"** which appeared in the Annual Report, page 18 - 20.

### 2. Guidelines and duties of the Audit Committee

#### 2.1 Duties of the Audit Committee

Please see the **"Management Structure"** in the title of **"Audit Committee"** page 37 - 38 and the Company's website ([www.tndt.co.th](http://www.tndt.co.th)) page **"About TNDT"**, in the title of **"Executives"**, subtitle of **"Audit Committee"**.



# CORPORATE GOVERNANCE (CG)

## 2.2 Remuneration of Auditors

The Remuneration of Auditors for the Company and its subsidiaries

### 1. Remuneration of auditors

For the year 2019, M R & Associates Limited, certified public accountant of SEC, has been appointed as the Auditor to audit, review and express its opinion to the financial statements of the Company and its Subsidiaries. The Remuneration was in the amount of 1,830,000 baht, they were quarterly monitoring at 230,000 baht, the year ended audit fee at 1,070,000 baht, and the review of compliance with BOI at 70,000 baht. The financial statements of the Company and its Subsidiaries were accredited by the Auditor without any comment or history of submitting the quarterly year ended financial reports longer than the restriction of The SET and no any history of amendment of the financial statements by the SEC.

### 2. Other Fee

In 2019, No any other expense charged.

Details	Amount (Baht)	
	TNDT	Subsidiaries
The annual audit fee for the year ended December 31, 2018.	970,000.00	100,000.00
The quarterly review fee for the period ended March 31, 2018.	180,000.00	50,000.00
The quarterly review fee for the period ended June 30, 2018.	180,000.00	50,000.00
The quarterly review fee for the period ended September 30, 2018.	180,000.00	50,000.00
The review fee of compliance with BOI.	70,000.00	00.00
Other Services fee	Charge the expenses as occurred.	
<b>Total</b>	<b>1,580,000.00</b>	<b>250,000.00</b>
<b>Overall</b>	<b>1,830,000.00</b>	

## 3. Conflict of Interest / Connected Transaction

### Conflict of Interest / Trading of Company Securities / Insider's Information and Information Technology System

To prevent conflict of interest issue, the Board of Directors has overseen the Company by the policies of information disclosure, management of confidential information to prevent data leakage, protection of confidential information and market sensitive information. There were the policies and procedures to prevent the Directors, the Executives or the connected person from using insider's information for personal benefits as follows:-

(1) Reporting of Conflict of Interest must have been approved by the Board of Directors. In all, to approve the connected transaction, the Company must have been taken into consideration of the best interest, fairness, rationale behind transaction and consistency with market practice.

(2) Overseeing of Insider's Information Usage. The Board of Directors had a policy to prevent any Director or Executive to benefit from the significant insider's information that would be market sensitive information. The Board of Directors should convene the meeting, vote on the issue with the consent from the Audit Committee, and report to the SET on the following working day. Therefore, the Directors and Executives did not have an opportunity to use such confidential insider's information for personal benefits.

(3) The Directors, Executives and connected person should disclose the stakeholding information and their trading or holding of Company's securities and the connected persons as well.

The Company has disseminated knowledge, communicated and reviewed policies to prevent directors and executives, including employees who have been working in related departments, to use internal information for the benefit of themselves or others which were considered to exploit other shareholders. Therefore, all directors and executives should disclose interest information or the company's securities holding or changes during the first month before Financial statements disclosure to the public, both their own and those connected to the board (Should not buy-sell one month in advance before public disclosure of financial statements)



## CORPORATE GOVERNANCE (CG)

In addition, the Company's new directors or executives including those involved should report their holdings of the Company's securities within 30 working days after being appointed, as well as report the trading of securities at least 1 day in advance or report changes in securities holdings within 3 working days after buying, selling, transferring or receiving transfers. Such information should be submitted to the Board regularly or notified to the Company Secretary for reporting to the SEC, in accordance with Section 59 of the SEC Act of 2535, and disclosed in the Annual Disclosure Information (Form 56-1) and Annual Report (Form 56-2)

In 2019, No any employees in related departments buy, sell, transfer or receive transfers and no any Directors, Top Executives, Executives including the related employees use internal information for their benefits or others in any unlawful way.

The Company has also required Directors and Executives to be aware of the operations with characteristics of connected transactions and conflicts of interest which the Company might have, should be operated with transparency, accountability, reasonable pricing, and fair and at arms' length. In addition, there were measures for the Company to allow the Audit Committee to comment on the necessity of entering such connected transaction or conflict of interest, whether the prices were reasonable and appropriate by considering various conditions which shall be normal trading operations at the market price. In the case of the Audit Committee did not have expertise in considering any connected transactions, the Company would provide knowledgeable and special expertise persons, such as auditors, property appraisers, law firms being a third party and independent to comment on such connected transactions. The comments would be for the decision making of the Audit Committee and present to the Board of Directors or shareholders, a case by case. In case of transactions that were required to disclose the information, or requesting approval from shareholders, in accordance with the regulations of the SET, the Company would disclose details and reasons of such transaction to shareholders in advance, before entering the transaction.

In 2019, the Company did not enter into any connected transactions that violated or not complying with the rules of the SET and the SEC. In addition, the Company would disclose internal information that might affect the investment and the personal benefits of the directors, executives or those involved on that date immediately or before 09.00 a.m. on the next day (if any).

#### 4. Anti-Corruption

Please see the details on **"Anti-Corruption"** on page 25, Principle 5 : Nurture Innovation and Responsible Business **"Anti-Corruption and Assessment the Risk of Corruption"** page 73, and on the Company's website ([www.tndt.co.th](http://www.tndt.co.th)) page **"Sustainability"** in the title of **"Policy"** subtitle of **"Policy for Anti-Corruption"** and page **"Sustainability"** in the title of **"Anti-Corruption"**

#### 5. Whistle-blowings / Complaints / Comments or Suggestions

The Company has disclosed the information on **the Annual Report 2019** under **"Anti-corruption"** on page 25. During 2019, no any whistle-blowings, complaints or etc. were submitted to the Company.



# CORPORATE GOVERNANCE (CG)

## Principle 7 : Ensure Disclosure and Financial Integrity

The Company has recognized the importance of information disclosure with correctness, completeness, transparency on schedule according to the regulations of SEC and SET. The information has included financial and non-financial information as well as other important information which might affect the Company's securities prices and investment decisions of investors and stakeholders, both in Thai and English language. In addition, the Company has disclosed the remuneration of Directors (individually) and Executives and Audit fees, including other information such as details about the Committee, Company Secretary and Auditors who have worked during the past year, their performances and also the records of meeting attendances of the Director and Sub-Committees individually together with the history of course training (Page 56). Moreover, the Shareholding Structure, Management Structure, Good Corporate Governance Policy, Articles of Association, Charters of Director, Ethics & Codes of Business Conduct, Channel for suggestions, complaints or violations, including the disclosure of securities holding of directors, executives and their involved have to be reported as well via the SET, Annual Disclosure Information (56-1), Annual Report (56-2), reporting quarterly results of operations, providing information and meeting with analysts, investors and shareholders, press release and Company's websites ([www.tndt.co.th](http://www.tndt.co.th)).

In this, the Company's policy to disclose the information of securities holding of Directors, Executives and their connected persons, must report their Company's securities holding within 30 days after appointed. The Directors and the Executives must periodically report their advance sales or purchase of the Company's securities as least 1 day or report their holding within 3 business days from the date which the Company's securities have been purchased, sold, transferred or accepted transfer. The Company Secretary will compile and coordinate in reporting the securities transition to the SEC and reporting to the Board of Directors on the Board's meeting. the details of disclosure of changes in securities holdings of Directors, Top Executives, and the Executives of the year 2019 can be viewed on the table topic **"Shareholding Structure"** on page 33.

### **1. The Board of Directors' Accountability to the Financial Report**

The Board of Directors was responsible for the accuracy of the Company's financial report that displays the financial information sufficiently and transparently, including sufficiently disclosing the important data accompanying the Company's financial report, according to the appropriate accounting standard. This was done consistently by having an auditing from the authorized, independent and trustworthy auditor which was approved by the SEC and/or other relating organizations and has gone through the review by the audit committee, including the disclosing of the auditing fee and other services within the Annual Report. In this, the Board of Directors has prepared the responsibility report to the financial report of the Board of Directors in **the Annual Report 2019**, the title of **"Report of the Board of Directors' Accountability to Financial Report"**, page 105.

Besides, the Company has recognized the importance of strengthening relations with the shareholders, analysts, investors in the Annual General Meeting of Shareholders, as well as answering the enquiries on various topics to the shareholders via Investor Relation and other communication channels of the Company.

### **2. Financial liquidity and debt repayment capability**

The Board of Directors has monitored and oversaw the financial liquidity and debt repayment capability by the meeting with the executives, including reviewing the internal auditing of internal audit team passing through the Audit Committee, to monitor and assess the financial status and the Company's operating results on every quarter.

The management has set up guidelines of monitoring repayment as follows:-

- (1) Try to follow up, claim, and accelerate the payment of debt more closely.
- (2) Use the relief policy in time conditions
- (3) Have a strict policy to select customers with stable financial status and collateral
- (4) Legal prosecution (the last chance to select), in order to maintain the customer base waiting for the economic recovery.

In case of any transaction or investment for business expansion both locally and internationally, the Audit Committee would consider whether such transaction was a reasonable transaction and being a beneficial investment to the Company by now and in the future or not, as well as propose to the Board of Directors. The Board would consider the details thoroughly in order not to affect the overall liquidity of the Company, as well as managing the risk of loan and interest burden by paying on the specified period, including adjusting the investment plan to be in line with the liquidity and complete repayment as soon as possible.

# CORPORATE GOVERNANCE (CG)

## 3. Guidelines of operations

The Board of Directors shall strictly comply with the contracts, agreements, obligations and liabilities that may arise, as well as the conditions as agreed, transparency and no secrecy. In case of the Company cannot comply with the contracts, conditions agreed upon or any change in conditions, the Company will notify the creditors in order to jointly find possible solutions immediately. Moreover, the Company will report the debt obligations to creditors as requested accurately, completely and timely.

## 4. Sustainability Report

The Board of Directors has encouraged, supported and monitored the Company to set up guidelines for business operations and comply with ethics and code of business conduct, good corporate governance, together with responsibility to the community, society, environment and consideration of all stakeholders according to the rights, laws or agreements that should be with the Company. The Company has also disclosed important information to stakeholders to acknowledge adequately, no any violation of stakeholders' rights. Moreover, the Company has channels to report clues, complaints on issues related to legal offenses, inaccuracy of financial reports, defective internal control system or unethical practices, and also has measures to protect the rights of whistle-blowers for the Board of directors, executives, employees and all stakeholders to acknowledge and adhere together. Therefore, the guidelines should be practiced for sustainability and efficiency of the organization, by creating a Sustainability Development Report (SD Report), as a part of the Annual Disclosure Information (Form 56-1) and the Annual Report (Form 56-2), in a separate book and disclose to the public via the website [www.tndt.co.th](http://www.tndt.co.th) of the company. Such documents could be downloaded from the Company website as well.

The policy and details can be viewed in the title of **“Corporate Social Responsibility”** page 88 - 104, and on the Company website ([www.tndt.co.th](http://www.tndt.co.th)) page **“Sustainability”** in the title of **“CSR Policy”**

## 5. Communication and Investor Relations Channels

### 5.1 Company's Data Access

- (1) Online system of the SET
- (2) Quarterly performance report
- (3) Opportunity Day / AGM / EGM / mai Forum etc. for the Top-Executive of the Company to meet, discuss, report and answer questions on various issues in order to strengthen relationships with investors, analysts and shareholders from time to time as appropriate.
- (4) Press Release
- (5) Annual Disclosure Information (Form 56-1)
- (6) Annual Report (Form 56-2)
- (7) Sustainability Development Report (SD Report)
- (8) Company's website : [www.tndt.co.th](http://www.tndt.co.th)
- (9) E-mail : [secretary@tndt.co.th](mailto:secretary@tndt.co.th)
- (10) Company's Facebook : <https://www.facebook.com/TNDT.Thailand>

### 5.2 Investor Relations : Mr. Som\_ouy Tangchithavorngul

Besides communicating information through various channels, as described in item 5.1, the Company has established the Investor Relations Unit to be responsible for communicating the Company's information to investors and third parties with equitable and fairness. Investors can contact for more information by the followings:-

- (1) Letter : Thai Nondestructive Testing (Public) Co., Ltd.  
19 Soi Suanson 8, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok 10240
- (2) E-mail : [som\\_ouy@tndt.co.th](mailto:som_ouy@tndt.co.th) / [headoffice@tndt.co.th](mailto:headoffice@tndt.co.th) / [info@tndt.co.th](mailto:info@tndt.co.th)
- (3) TEL : +66(0)2-735-0801 (Auto.10 lines)
- (4) FAX : +66(0)2-735-1941

The Company has disclosed communication channels on the Company's website ([www.tndt.co.th](http://www.tndt.co.th)) and the Annual Report 2019 titled **“Company Information and Communication”** on page 4





# CORPORATE GOVERNANCE (CG)

## **Principle 8 : Ensure Engagement and Communication with Shareholders**

The Company emphasized and recognized the importance of the equitable treatment of all shareholders rights, both minority and majority shareholders, institute investors or foreigners, without committing any violation or deprivation of the rights of shareholders or not to limit the opportunity to search for media of the Company. The Company also encouraged shareholders to exercise their fundamental rights covered by the law, for examples:- the right to sell, purchase or transfer the Company's securities, the Company's profit by the way of dividend payment, the right of equitable treatment of shares' refunding (if any), the right to attend and vote in the meeting of shareholders, etc. The Company would disclose important information affecting the investors in the Annual Report (56-2) and Annual Disclosure Information (56-1) and publish such news via SET. Even in case of shareholder transactions (Shareholder Agreement), the Company would try its best efforts to look into the agreement, not to be affected significantly to the company or other shareholders. They were as follow:-

### **Prior to the Meeting**

1. The Company conducted the Annual General Meeting (AGM) of Shareholder 2019 on Monday 29 April 2019, at 09.30 a.m., at The Grand Fourwings Convention hotel, on 9th Floor at Srinakarin 1 Room, 333 Srinakarin Road, Hua Mark, Bangkok, 10240. which was convenient for the shareholders' transportation. The meeting agenda with its details was posted via set portal system of SET 62 days prior to the meeting date. The invitation letter (in Thai and English) indicating place, date, time, meeting agenda with objectives and opinions of directors, guidelines, proxy form, articles of association related to voting and supporting documents were provided and disclosed on the Company's website ([www.tndt.co.th](http://www.tndt.co.th)) in the "investor relations" section under the title of "shareholder information" subtitle of "Meeting of Shareholder" 44 days prior to the meeting date for the shareholders to have sufficient time to consider and/or authorized proxy to attend the meeting. The Company assigned TSD, the registrar, to deliver the documents and registration form with barcode directly to the shareholders 31 days prior to the meeting date. Moreover, the invitation has also been 3 days continually published in the newspaper, 26 days prior to the meeting date to be in line with law and regulations.

2. For the equality and fairness to all of shareholders, the Company invited the shareholders to propose the agendas and the nominees to serve as directors to exercise the right to appoint directors individually, and to propose the questions prior to the 2019 Annual General Meeting date (during 3 January to 4 February 2019). The guidelines were clarified and noticed to the shareholders via: online system of SET, the Company website [www.tndt.co.th](http://www.tndt.co.th) and published the results to the shareholders via: online system of SET, to the invitation of the Company's shareholders meeting and in the shareholders' meeting. On the due date, there was no shareholder to propose agendas, nominees to serve as directors, or submit the questions in advance to the Company.

Furthermore, in year 2019 the Company's proportion of free float shares were at 48.09 percent, and the proportion of shares held by institutional investors were less than 5 percent.

### **The Shareholders' Meeting Date**

1. The Company had a policy to facilitate and encourage shareholders including the institutional investors and proxies to register one and a quarter hours prior the meeting, a simplified document check with duty stamps for proxies, registered through the bar-code system to ensure fast registration with accurate, complete, and verifiable information. Shareholders were also allowed to register for the meeting even after the meeting had commenced so that they could maintain their rights for voting on those resolutions that had not yet been determined. The Company also provided an opportunity for shareholders to meet without discrimination or any obstacles to communicate between shareholders.

2. In case of shareholders who would not be able to attend the meeting, the Company allowed the shareholders to authorize an Independent Director or any other person as a representative with proxy form A or B or C as attached on the letter of invitation (only one type) and evidence in accordance with the regulations as mentioned in the invitation letter, the rights to vote would be correspond to the number of shares held, ie 1 share per 1 vote of the same category of shares and having equality voting rights.

## CORPORATE GOVERNANCE (CG)

3. The Chairman of the Board and all Committees, Executives and Auditors valued the importance of the AGM. Therefore, they attended and participated in the shareholders' meeting in order to express their opinions, raise any questions and clarify the issues related to the agenda and the Company's business.

4. The Chairman of the Board assigned the Company Secretary to announce meeting regulations as required by law and Company regulations, e.g. opening of the meeting, voting and vote counting on each agenda, introducing all Board Members, Executives, Auditors and Management.

5. The Chairman of the Board, who chaired the AGM, also conducted the meeting agenda with respect for the agenda earlier announced in the Invitation, in which any additional or change on the agenda was prohibited so as not to infringe the rights of shareholders who could not attend the meeting themselves.

6. In the meeting, the shareholders had the rights to inquire about the Company's operations. The Chairman and Board of Directors fully provided an opportunity for shareholders to make inquiries, comments and suggestions in all agendas appropriately.

7. The Directors, having conflict of interest in any agenda, should not participate in the agenda.

8. For the resolutions voting, the shareholders' volunteer was invited to witness and inspect in each vote count. The voting results in term of approval, disapproval, abstains or voided ballot for each agenda were transparently presented to the meeting.

9. The Company Secretary has taken all the responses as well as the significant comments in the minutes of meeting. After the meeting, the shareholders were requested to return the voting cards to keep as evidence.

### After the Meeting Date

1. The voting results of each agenda in both Thai and English were disclosed on the next day of AGM to the public by posting via online system of SET.

2. The minutes were submitted to the SET and the Ministry of Commerce within 14 days of the completion of the meeting. It also contained the Directors attendance, voting guidelines and procedures, the memorandum of the important inquiries or comments raised by shareholders and the responses from the Directors, as well as the voting results of each agenda. For the AGM No. 12/2018, the Company had submitted the minutes on May 07, 2018

To facilitate the exercise of shareholders in attending the AGM and support the voting rights of the shareholders in regards to the principles and guidelines in the manual of "AGM Checklist" as defined by Thai Investors Association, the Company has been evaluated by Thai Investors Association in the AGM of Shareholders for the year 2019 with a score of 100 (for the year 2018 with a score of 97).



The AGM of Shareholders for the year 2019



# CORPORATE GOVERNANCE (CG)

## Exemption from compliance with good corporate governance principles

The Company recognized the importance of applying CG Codes for listed companies in the SET and practiced in all activities of the organization. However, the Company has not practiced in the followings: -

### **1. Chairman of the Board of Director should be Independent Director.**

With the only exception that the Chairman of the Board did not come from the Independent Directors and that he also acted as the President of Executives. Due to the Non-Destructive Testing and Inspection for engineering safety, which was the specific business, required the personnel with knowledge, skills and had a long experience in the business, in order to lead the Company to success. However, both the operations of the Company and the Board of Directors were formed on the basis of good corporate governance, in accordance with the guidelines of the Stock Exchange of Thailand. The Chairman and the President of Executives was not the same person, in practice, the Chairman could not exercise the power in the place of the Board of Directors without the consent of the Board. The President of Executives should also follow the procedures of the Board of Directors which were always under the rules and regulations of the Company as well as being approved and under the supervision of the Board of Directors consisting of both Independent Directors and Non-Executive Directors as more 50 percentages of all Directors. This resulted in a balance of power, verifiable and the management that was transparent and concise. Moreover, the said authorization of power did not allow the President of Executives to authorize the issues in which he or any individuals might have conflicts of interests or connected transaction in any way to the Company.

Additionally, the Company had separated the position of the Chairman of the Board and the Managing Director, not making them under one person so as to be in accordance with the guidelines for good corporate governance.

### **2. Determine the term on duty of the Independent Directors should not exceed 9 consecutive years from the first date of appointment without any exception.**

The Board of Directors consists of 3 independent directors, of which 2 independent directors are exceeding for more than 9 consecutive years. In these, the Board has considered that even the term on duty of the 2 Independent Directors are more than 9 years, their independent opinions and duties performances with knowledgeable and expertise have done the best interests for the Company and in compliance with the Company's rules and regulations, and the Capital Market Committee. For another term on their duties, the Board of Directors should consider and approve and present to the AGM meeting for approval.

### **3. Good Governance Committee and Risk Management Committee**

The Board of Directors has not yet formed these 2 sub committees. Therefore, the Board has assigned the Audit Committee to review the conducts and the corporate governance principles, including setting up the Risk Management Policy and the Internal Control System to review and assess the risks management of the operations in all aspects both internal and external organization including the overseas businesses, for the best interests and the prevention of corruptions. These were done by appointing the internal auditor to audit the work procedures in each department of the Company. .

### **4. The Board should consist of more than 50% of independent directors.**

The Board of Directors consists of 8 directors, the 3 directors are members of audit committee / independent directors / Non-Executive Director of which more than 1/3 of entire Board, and the other 2 Directors are not Independent Directors / Non-Executive Director. There was counterbalance of 5 Non-Executive Directors, more than a half of the entire board, to review the management and have the freedom to manage the audit work.

### **5. The Board should consider holding more than 6 meeting of the Board per year.**

The Board of Directors regularly holds at least 1 meeting per quarter and expects more than 6 meetings per year. In the past year, the Company held 5 meetings of the Board of Directors. The meeting was scheduled in advance throughout the year, so that the directors could allocate time to attend the meeting by informing each director at least 2 weeks in advance before the actual meeting date. The meetings were conducted in accordance with the regulations of the Public Company Law and the regulations of the Stock Exchange of Thailand and should have a minimum number of quorums at the voting time at least 2 in 3 of the total number of entire directors.

# CORPORATE SOCIAL RESPONSIBILITY (CSR)



The Company's main business is the professional testing and inspection in engineering by utilizing the Non-Destructive Testing (NDT) in order to ensure the safety of the industrial sectors which involve the high risks and the large structures, etc. In other words, this is the business that has a direct responsibility to the community, society and the environment (CSR). The Company has grasped the necessity of operating its business with the utmost responsibility. In addition, the Company has diversified the business line by focusing on clean energy groups such as solar and biomass, to reduce the impact on the environment and mitigate climate change, along with the development of personnel to support the change according to the era and the rapid diversification of technology. These factors would determine the growth of the organization. Meanwhile, the Company has practiced along with the CSR policy throughout the 37 years of operating the business.

## Overview Policies

Since the main business involves Health, Safety, Security and Environment (HSSE), the Company must perform with the highest responsibility, and being in line with the theoretical principles. The Company must uphold the ethics and code of business conduct, moral principles and good virtue, has a good corporate governance that follows both the regulations of the public and private sectors in all activities involving the operation of the business and also refuses and opposes all forms of corruption in both the public and the private sectors., in order to create credibility in the industrial sector, together with supporting the expansion plan according to the Company's strategies in the future.

## Visions

The Company strives to manage the business by adhering code of business conduct, ethics, morals and good virtue and fairly operate in compliance with the laws and regulations, all groups of stakeholders are confident in the Management of the Company. The Company also diversify to other business lines as opportunities, along with developing personnel for more quality and efficiency in order to propel the organization to develop in accordance with the changes of the era, and creates equality value for all stakeholders, under the concept of **“Change for Better Together”**, leading the Organization to the success and sustainable growth in operating the business.

## Missions

Propel the organization by accelerating the development of all factors which promote sustainable business growth, there are personnel, processes and business partners in the AEC countries, by adhering to operate the business with ethics, code of business conduct and morals along with responsibility to the community, society and the environment, as always practices as follows:-





# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## ***For the Personnel***

1. Raise the employees' awareness to uphold the responsibility in public health, safety, securities and environment and adhere to ethics and code of business conduct when servicing the customers, so that the testing and inspection results are accurate, precise and proceed according to the laws and regulations without altering the reports due to bribes or personal gains.
2. Improve personnel qualities and efficiency in the modern era, by hosting both internal and external training in order to develop skills and proficiency for the operations, in the main business, energy business and others related as opportunities.
3. Allow the employees to create, research and develop the modern innovation to enhance the service efficiency, including reducing the costs of importing, and shorten the operating time leading to a reduction in management costs.
4. Take extra precaution in the safety of the employees and the customers by providing equipment and training to prevent possible dangers which may arise during the operations. In addition, the Company would choose the proper testing and inspection methods and equipment with safety to the society and environment.
5. Motivate and cultivate consciousness in the organization in order to reduce the shortage of qualified personnel from migration and the overflow of unqualified personnel.

## ***For the Process***

1. Transform the business management policy to suit the situation by expanding the main business services to new customers, and various industry groups, focusing on inspection services and providing integrated services.
2. Expand the main business base by using Advanced Technology and new innovations created by the Company's personnel to AEC countries.
3. Testing and inspection process including delivery and storage must not affect the lives, properties, communities, societies and the environment, prior, during or after the inspection.
4. Select the quality and standards of tools and equipment for the inspection and testing, and they must be verified and calibrated appropriately and timely.
5. Diversify the business to the energy groups and others as appropriate. Such businesses shall also contribute to the environment.

## ***For the Partners***

1. Maintain a good relationship with the former partners by mutual confidence in the business operation, including adhering to integrity, honesty, transparency, and anti-corruption in all forms.
2. Seek for more business partners both domestic and overseas, in the groups of main business and the expanded businesses according to the Company's strategies. The business operations must be based on professional ethics and code of business conduct, fairness, and transparency. These are for creating new business opportunities and increasing capacity and competitiveness of the organization, both in the short and long term.
3. Select business partners regarding the availabilities of skills, experience, knowledge, expertise on those works, to exchange, transfer knowledge and expertise by focusing on sustainable business expansion together.

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## Reporting Guidelines

The Company operates its business based on the 8 corporate social responsibilities guidelines as regulated by the Securities Exchange of Thailand, the “CSR Guidelines” of the Securities and Exchange Commission and the Corporate Social Responsibilities Guidelines by the Corporate Social Responsibility Institute (CSRI) of the Stock Exchange of Thailand, together with the Guidelines of Global Reporting Initiative - GRI : G4 as the main practice in both the main office and the branch offices, also in the form of social responsibility reports so that the business can be conducted orderly, transparent, fair, accessible and verifiable. As a result, all stakeholders are confidence in the management, leading to success in sustainable business operation.

In year 2019, the Company was aware of the rights and roles of all groups of stakeholders equally and fairly as follows;

### 1. Corporate Governance

The Board of Directors encourages the Company to uphold and prioritize the management according to the code of business conduct, and the good corporate governance. This includes both the organizational structure and the management strategy which has specific roles and systematic work procedures that are transparent and verifiable, for example clearly defining of visions and strategies, being transparent in the business operations, taking care of the safety for the employees, properties and the environment within the organization and the surrounding communities, and also to follow the regulations and enforcements of the Company including those of the Stock Exchange of Thailand, the Securities and Exchange Commission and any other related to business laws. To this, the Board of Directors and the employees have always adhered to the practice in order to create the standard of the business that all groups of stakeholders can trust, strengthen the image of the Company and lead to the development of sustainable business.

In 2019, the Company has been assessed for Corporate Governance Responsibility (CGR) on “Excellent Level” for 4 consecutive years by the score of 93%, equal to the year 2018, while being more than the average score of the overall listed company at 82%. The Company will maintain the quality of management and monitoring, including further development.

### Companies with Excellent CG Scoring



### 2. Fair Operating Practices

The Company determines to provide the service with utmost responsibility to health, properties and environment by upholding the integrity, fairness, attentiveness and the quality of the services on the basis of code of business conduct, professional ethics, the international standards laws and regulations from the first step of the procedure to the delivery of the testing results to the industrial sectors or to the customers with precision and accuracy, guaranteeing the quality and safety in each steps. The procedures or the inspected work piece, including the quotation of the price according to the regulations are done fairly and appropriately. The advices are given, the service instruction are introduced, and the appropriate tools and equipment are used according to the business of the customers within the regulating standard as specified fully in the contract while maintaining the customers' confidentiality.

In 2019, the Company received the score of the satisfaction surveys at 100% from customers, in the title of “Priorities for the future”. (Please see the title of “**Corporate Governance, Principle 5 : Nurture Innovation and Responsible Business**”, page 71)

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## 3. Anti-Corruption Policy

3.1 The Board of Directors aims to operate the business with honesty, integrity and emphasizes the responsibility to the community and to all groups of stakeholders and strictly follows the good corporate governance policies, including ethics, code of business conduct and the Company's work procedures. Therefore, the Company was of opinion to set up the anti-corruption policy to act as a guideline in conducting business and to develop to a sustainable organization.

3.2 In order to protect and control the risk of fraud in business operations, the anti-corruption policy shall be trained and publicized to all the employees in the organization. They are prohibited from engaging or accepting corruptions in all forms, be it for the direct or indirect benefits to self, customers or any groups of stakeholders. This includes all businesses and departments relating to the Company with no regards of any consequences to the profits or any other assets of the Company.

3.3 The anti-corruption policy was monitored, reviewed and assessed at least once a year, as well as the practical and requirements revision of the procedures in accordance with the remodelling of the business, regulations and the legal requirements.

In 2019, the Company has signed MOA with the Department of Energy Business, Ministry of Energy, in implementation under the law on fuel control with transparency, effectiveness, and compliance with international standards. In addition, the Company has signed MOA in protection and anti-corruption with PTT Exploration and Production (Public) Co., Ltd. (PTTEP), TRC Construction (Public) Co. Ltd., Siemens (Thailand) Co., Ltd., etc.

## 4. Respect for Human Rights and Fair Labor Practice

The Company set up the policies and regulations under fundamental rights which the employees and their families are entitled to, with regards to the fairness, equality or greater than the basic standards which the employees should entirely be given. These are :-

4.1 Distributing the benefits and incentives appropriate to the skills, equally and fairly.

4.2 Provide a good work place atmosphere, co-working spaces, the knowledge center both the online through the Company's website ([www.tndt.co.th](http://www.tndt.co.th)) and the library in the office. including preparing the necessary equipment to prevent accidents from work.

4.3 No violation of privacy.

4.4 Support and encourage the employees to constantly develop their skills, study visit, attend seminar, and train both inside & outside of the organization and overseas training in order to develop new techniques according to the era and improve professional proficiency which will increase the quality, efficiency and adequacy of customer services in all process, as well as supporting new business lines of the Company.

4.5 Provide safety equipment and systems according to the rules and regulations for the employees, customers and the communities in order to prevent accidents from operation which may affect the lives, properties, environment and the reputation of the customers.

4.6 Encourage the employees to apply their skills in research and development to invent equipment, tools or new innovations which are practical, international standardized in order for the cost effectiveness of the organization and the customers.

4.7 Provide the recreation area for the employees to relax or exercise, for example table-tennis tables, soccer pitches, petanque courts and courtyard for activities / parties on various occasions and etc.

4.8 Allow the employees to complain or suggest any topics concerning the business operations via channels such as Comment Box / E-Mail / postal / Human Resource Department / Company's questionnaires, etc. The Company will not disclose any information of the complainants.



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

While obtaining the White Factory certificate and the standard on Prevention and Solution to Drugs Problems in an Establishment Certificate from August 8, 2018 - August 7, 2021 from the Department of Labor Protection and Welfare Ministry of Labor, in 2019, the Company has still strictly implemented guidelines to prevent and solve drug problems in the workplace. These were for employees' good quality of lives, free from the drugs. Anyway, in the case of any employees being drugs addicted, after being treated and cured completely by the government project (MorYorSor), the Company would allow them to return to work as appropriate. For last year, there were random checks of alcohol and drug to 80 employees (9,040 times), no any drugs addict was found at all.

In addition, the Company was always aware of employees, the key factors of the organization, and tried to improve and provide good welfare for employees to relax and happy in their working time, such as providing the area for Muslim prayers, setting up the breast milk and first aid room, including a campaign not to threaten sexuality, etc. Moreover, the co-working and recreational spaces would allow employees in different departments to have the opportunity to participate, propose and join their creativities, including creating good relations and unity among employees. In the year 2020, the Company has participated in the contest of outstanding establishment in labour relations to the Department of Labour Protection and Welfare Ministry of Labour as well.

## 5. Consumer Responsibility

5.1 The Company emphasizes greatly on the rights of the customers and the co-workers in the operating area. There are trainings in cooperation with the customers regularly in order to provide knowledges and better understandings to the customers and their subsidiaries, for example NDT basic knowledge course, radiation safety training, basic knowledge of inspection and radiation emergency drills, in order that both the customers and the Company can benefit from the mutual understanding of the safety precautions and the services of the Company.

5.2 Services: High efficiency for high quality in every step.

5.2.1 Business Operations comply with the international standard procedures such as ASTM, ASME, etc. This includes the laws and regulations of related public entities, for example the Department of Energy Business, Office of Atoms for Peace or Thailand Institute of Nuclear Technology.

5.2.2 Employ knowledgeable and specialized personnel who have been certified to the international standards, for example ASNT, API, ZSWIP, etc. Perform the task and report the outcomes according to the code of business conduct, moral and good virtue with precision, accuracy to meet the standards dictated and prohibit to change the results untruthfully.

5.2.3 Use modern, high quality tools and equipment which meet the international standards and the better development of tools as well. The programs used must be licensed from the producers, as well as be updated and verified while the tools and equipment re-calibrated when the period is due by the producers and certified organizations such as the Office of Atoms for Peace, the Technology Promotion Association (Thai-Japan), Department of Medical Science, including organizations which are certified with ISO17025, for better accuracy of the inspections and results. .

5.2.4 Provide safety equipment and system according to the rules and regulations for the employees, customers and the communities in order to prevent accidents from operating which may affect the lives, properties, environment and the reputation of the customers.

5.2.5 Deliver the results accurately, precisely, completely and within the given time.

5.2.6 Constantly perform customers' satisfaction in order to improve and develop the more efficient services, resulting in the highest level of customers' satisfaction.

In year 2019, the results of customers' satisfaction surveillances, please see the title of **“Corporate Governance under the topic of Principle 5 : Nurture Innovation and Responsible Business”**, page 71 and the topic of **“Corporate Social Responsibility (CSR)”** on the title of **“Customer Satisfaction, ,** page 94.



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## 6. Environment Conservation

6.1 The Company emphasizes on the rules and regulations which benefit to the social and environment for both public and private sectors, especially in all activities relating to the business operation, for example the regulations for radiation possession and utilization by the Office of Atoms for Peace, Ministry of Science and Technology, the regulations by the Department of Energy Business, Ministry of Energy, including all international regulations and practices.

6.2 The Company promotes the project or activities of Corporate Social Responsibility (CSR) and Environment by the cooperation of the managements and employees in all departments. It allows stakeholders to participate in the activities of the Company in appropriate occasion and time.

6.3 The Company's operations are according to the international standards including all relating regulations when disposing of leftover wastes from the services, such as radioactive wastes, sprays cans or magnetic powder, by returning them to the manufacturers or to the wastes disposal companies that have been licensed by the Department of Industrial Works, so that they can correctly dispose of the leftovers. These companies can correctly dispose of the leftover wastes, which shall not affect or be harmful to the society and environment.

In the year 2019, the Company has disposed of the toxic wastes and unused of materials correctly and properly. The details were as follows :-

**1. The Professional Waste Technology (1999) Public Company Limited :** the company which proceeded the disposal waste technically and legally, and was licensed with the Department of industrial work. There were :

- 1.1 300 Kilograms of Chemical contaminated cloths.
- 1.2 1,500 Kilograms of Radiographic processing chemicals.
- 1.3 1,490 Kilograms of Waste residual spray cans.

### **2. The Bangkapi District Office**

- 2.1 40 Kilograms of Batteries and vehicle batteries.
- 2.2 1 Kilogram of Light bulbs wastes.

### **3. The Manufacturer**

- 3.1 41 Units of Radioactive wastes.

6.4 The Company encourages employees to use resources and energy efficiently and/or modifies or recycles for the highest benefit, resulting to reduce the cost of operations, as well as to educate the employees regularly in the matters pertaining to the environment.

6.5 The Employees' Campaign of preliminary office waste separation before leaving in a big bucket is to facilitate in disposing, selling and taking as an expense in the activities of the Company.

6.6 Training and publicizing the Policy of Environment to the employees in order them to be aware of and comply with the policy which strictly focus on the standard practices and the environmental laws.

## 7. Community and Society Development

7.1 The Company aims to understand all of the cultures and traditions in every operating area in order to coexist peacefully.

7.2 The Company is willing to develop and generate the quality of lives, to provide work, to support the activities and help out the people of the communities and societies in appropriate occasion, such as blood donation, joint activities on the national children day, donating old calendars to create Braille letter cards as teaching materials for the visually impaired, donation of max-aluminium ball for the physically disabled, as well as donation of second-hand dolls and toys to underprivileged children on the mountain. The Company also promoted the careers for people with disabilities, by raising pigs, straw mushroom cultivation, and subcontracting work for the disabled, Moreover, the Company has participated in social activities with the maiA, such as joining the maiA VirtualRun for the Thai Red Cross for charity and donation to the Thai Red Cross., etc.

7.3 The Company will not cause a negative impact to the communities near the operating areas and will conserve the environment and the resources in the vicinity.

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## 8. Innovations and the Publicizing of Innovations

The Company has formed the Creative Research and Development Division (CRD) with the knowledge, expertise, and creativity personnel to research, develop and invent tools, equipment to be modernized innovations which are according to international standards and practicable. These are capable to create values to the customers and the Company with more efficiency, more readiness on designated target time, as well as the qualified, accurate and reliable reporting. Since the Company has been approved for the supporting fund from National Innovation Agency (NIA) under the project of **“Technological transformation for financial support”** which was the Government policy of promoting innovations, in the Company's topic of **“the Semi-auto powered X-ray machine for oil and gas pipeline inspection by non-destructive testing”** in the year 2017. The fund was used to invent the innovation until the completion in November 2018 and such innovation would be actually operated in **“Natural Gas Transmission Line Project No. 5, Part 2”**, during the year 2018-2020, with the project value of approximately 52 million baht and **“The Oil Pipeline Extension Project to Northeastern Region, from Ayuthaya to Chaiyaphoom”** during the end of 2019 to 2021, with the project value of approximately 27 million baht.

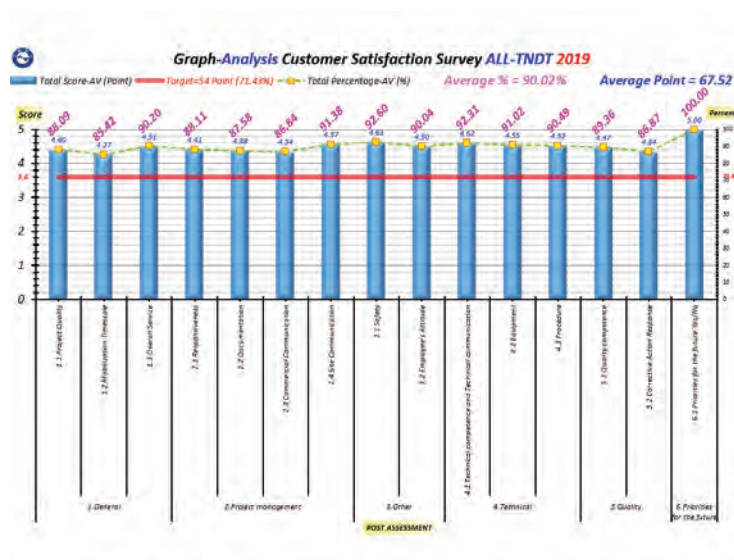
## Channels for Complaints or Suggestions

The Board of Directors emphasizes the importance of stakeholders' participation and allows a variety of channels for them to file complaints, appeals, opinions or suggestions which will be useful for improving the Company's business or the violated rights complaints which will provide apparently the contact information. The Company's secretary / the Audit Committee's secretary will gather and present them to the Board of Directors, Audit Committee and to the related Executives for consideration. The available channels are displayed in the Annual Disclosure Information (56-1), the Annual Report (56-2) and also on the Company Website ([www.tndt.co.th](http://www.tndt.co.th)) together with the code of business conduct. (Please see the title of **“Anti-Corruption”**, page 25)

In the year 2019, there were no any clues, complaints or significant suggestion to the Company.

## Customer Satisfaction

Satisfaction surveys were received from customers after the delivery / every 4 months. (Please see the topic of **“Principle 5 Nature Innovation and Responsible Business”** on the title of **“Customer Satisfaction”**, page 71)







## Social Activities

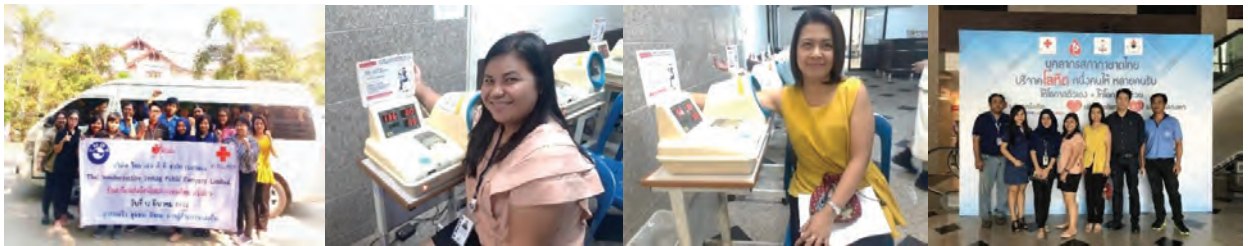


The Department of Energy Business has invited Mr. Argorn Kanjanassombuun (Manager of TNDT Tank & Inspection Dept.), as an Instructor to train in "The program to develop the potential of practitioners in engineering to operate in compliance with the fuel control law" during 11-13 March, 2019.



### TNDT's Blood Donation in year 2019

#### Blood Donation at the Red Cross NO. 9 (12 March, 2019)



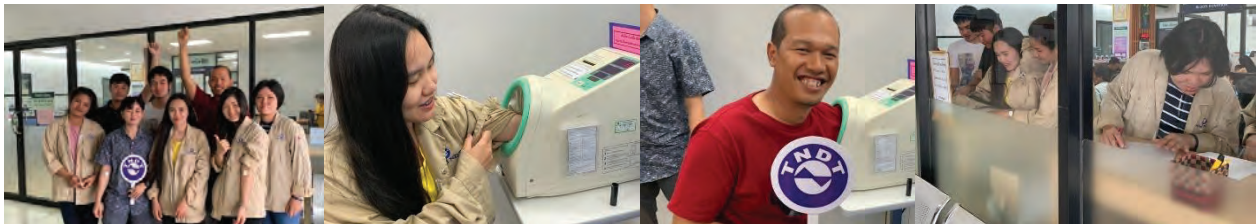
#### Blood Donation at the Red Cross NO. 10 (25 June 2019)



#### Blood Donation No. 11 at the Red Cross (No. 28 November, 2019)



#### Blood Donation to the Blood Bank of Rayong Hospital No. 1 (6 July, 2019)







TNDT donated old desktop calendars. for the visually impaired (23 May 2019)



TNDT's donation to flood victims. (13 September 2019)



TNDT NDT-BKK Dept. has provided 2 courses of practical knowledges in Safety and RT work to the Thai-French Innovation Institute.



The disabled occupation promotion for 3 projects.

Raising pigs for Mrs. Prachuap Charnthanyakarm in Nakornsawan Province.



Growing mushrooms for Mr. Palakorn Maneerat in Krabi Province.



Employment of the disabled working for society and community for Miss Suphattra Rodtiang.



Miss Suphattra Rodtiang, a hearing-impaired and speechless disabled, performs her duty for the community and society of the Rama 8 Children's opportunity creation Center in Bangkok, under the operation of Mr. Chaowalit Sardsamai (Teacher Chao) who has dedicated himself for underprivileged children and youth in Thai society.







## Community & Environment Activities



### Activities on Children's Day.

LanKraBue Site with PTTEP (12 January 2019.)



Headoffice Activity @ Bangkok Youth Center (19 January



### Disposing the Toxic Waste ( 18 January 2019)



### Big Cleaning Day

Headoffice @ Bangkok ( 4 April, 2019 )



@ Rayong Branch (16 July 2019 )







## Activities to Conserve the Cultural Traditions



### The New Year Blessing by the President and M.D. ( 2 January 2019 )



### Company's merit-making ceremony

Headoffice @ Bangkok ( 5 January 2019 )



@ LanKraBue Site ( 9 January 2019 )







Chinese New Year Ceremony ( 4 February 2019 )



Songkran Festival ( 12 April 2019 )







## Employees Relationship Activities



New Year Celebrate ( 14 December 2019 )

Daytime



Party at Night







## Employee's Proficiency Development



UTM II T-158 Course in Rayong Branch ( 19 January 2019 )



Application of Window 365 program at Headoffice ( 1 February 2019 )



Orientation for New Employees at Headoffice ( 26 February 2019 )



API 570 Pre-Examination in Rayong Branch ( 9 April 2019 )




Occupational Health Safety and Environmental in Work ( 6 Hours ) at Headoffice, Bangkok ( 4 May 2019 )






 M1P1-T161 at Headoffice, Bangkok ( 24 June 2019 )



 ET I in Rayong Office ( 15-19 July 2019 )




 Confined Space at Rayong Branch ( 30-31 July 2019 – 1 August 2019 )



 Supervisory Skill Development at Headoffice, Bangkok ( 21 August 2019, 23 September 2019 )



 Defensive Driving Course (DDC) at Headoffice, Bangkok ( 23 August 2019 )







### Fire Fighting and Evacuation Course

LanKraBue Site ( 7 September 2019 )



Headoffice, Bangkok ( 9 November 2019 )



### Radiation Safety Course at Headoffice, Bangkok ( 3 October 2019 )



### PMI & FRT Course at Headoffice, Bangkok ( 18 October 2019 )



### VT 2 Course in Rayong Branch ( 25-27 November 2019 )



### U1-T169 Course at Headoffice, Bangkok ( 16-20 December 2019 )



### Document Control at Headoffice, Bangkok ( 23 December 2019 )







## Other Activities



AGM of Shareholders for year 2019 at the Grand Fourwings Conventional Hotel, Bangkok ( 29 April 2019 )



Signing a technical cooperation agreement and supply agreement for Electron Beam accelerator with CGN Dasheng and Advanced Sterilization (Eastern) Co., Ltd. ( 10 October 2019 )



Safety Sharing Awards from the customers. ( 29 March 2019 )



Safety Award from the customer – Yetagun in Myanmar.



SOC Card outstanding awards of the Month in 2019 for TNDT onshore operators at Lan Krabue, Kamphaengphet from PTTEP S1.





# REPORT OF THE BOARD OF DIRECTORS' ACCOUNTABILITY TO FINANCIAL REPORT

The Board of Directors realized the importance and responsibility for the financial statements of the Company and its subsidiaries which have been disclosed adequately in the Company's notes to the financial statements. The financial statements of the Company for the year ended 31 December 2019 has been prepared, in accordance with the Financial Reporting Standards of Thailand and the Accounting Policies which performed appropriately, transparently, timely, and completely to prevent any corruption or deviate actions. Furthermore, the preparations of financial statements have been considered regularly, carefully and reasonably. The Company have been audited by M.R. & ASSOCIATES Co., Ltd., the Certified Public Accountant, being in line with the SET/SEC Regulations and mentioned in the Annual Report 2019.

As the performance mentioned above, the Board of Directors has appointed the Audit Committee of which comprised 3 Independent Directors with qualification according to SET/SEC Regulations. The Audit Committee has performed its duties independently to be responsible for evaluating the accuracy and transparency of the financial statements as well as relevant financial reports of the Company and its subsidiaries, including the internal control system of each quarter to ensure that the Company has adequate corporate governance, connected transactions and conflict of interests disclosure with transparent and sufficient, compliance with the Rules, Regulations and law related to Business Operations, and proper usage of Information Technology System. The Audit Committee has responsibilities as assigned and the results of performance have been reported to the Board of Directors. The opinion of the Audit Committee has already been disclosed on **"the Report of Audit Committee"**. In the Board of Directors' meeting on February 24, 2020, in which all of the Audit Committee members, management and internal audit team have attended to evaluate the sufficiency of the Company's internal control system for the year 2019, compliance with the SET regulations and COSO guidelines as already specified in the Annual Report 2019.

The Board of Directors, agreed with the Audit Committee, was of the opinion for the financial statements of the Company and subsidiaries for the year ended 31 December 2019 which has been prepared in accordance with the Financial Reporting Standards of Thailand with reliable, transparency and with adequate disclosure. The external auditor has provided opinion on the report of the independent auditors and no significant observations. The Company's internal audit was conducted with appropriateness covering risk management, risk assessment in anti-corruption in all of the Company's activities with sufficient and appropriateness covering the risk factors, effectiveness in business performance and disclosure of comprehensive information, together with having efficiently protected the Company's assets. Moreover, the Company and its subsidiaries have operated the businesses without corruption and in compliance with the rules, regulations and related laws, and found no major fraudulent incidents, which was in line with the opinion of the external auditor reporting with no significant observations on the financial statements of the Company.

Furthermore, the Board has promoted and encouraged the Company and Subsidiaries' Management in continuous developing the quality of the internal control system, the assessment of risk management, the protection and anti-corruption policy, the good corporate governance, including the compliance with rules, regulations, and related laws and the information technology system. These were emphasized for sustainability development with adequate and appropriate to enable the achievement of the established objectives and goals.



(Mr. Suwat Dangpibulskul)  
Chairman of the Board



(Miss Chomduen Satavuthi)  
Managing Director

# FINANCIAL POSITION AND OPERATION RESULTS

Financial Position as of 31 December 2019 [The Company Only]

## **Total Assets**

As of 31 December 2019, the total assets of the Company registered at 940.18 million baht, increased of 23.29 million baht or increased 2.54% where compared with year end of 2018. Such total assets consist of current assets of 450.28 million baht (47.89% of the total assets) and non-current assets of 489.90 million baht (52.11% of the total assets). The current assets have increased from the year 2018 for 14.97 million baht or increased 3.44% due to an increased significantly in account receivable (increased 8.74 million baht or increased 8.80%). For the asset have increased such as advances to subsidiary (increased 9.94 million baht or increased 3.19%). For the non-current assets in 2019 are increased from year end 2018 equal 8.33 million baht or increased 1.73%. For the non-current assets that are increased are the loan to other company such decreased 1.22 million baht or decreased 1.88 where compared with year end 2018. In other, in 2018 the company have purchase or sale more equipment, therefore resulting the properties, building, and equipment are not so much change. The properties, building, and equipment in year end 2018 are decreased 7.79 million baht or decreased 2.92%. For advance have slightly decreased.

## **Total Liabilities**

As of 31 December 2019, the total liabilities of the Company registered at 445.30 million baht, a decreased from year end 2018 are equal 2.47 million baht or decreased 0.55%. Such total liabilities consist of current liabilities of 375.31 million baht (84.28% of the total liabilities) and non-current liabilities of 69.99 million baht (15.72% of the total liabilities). For current liabilities that are significantly for the Company were overdraft and short-term loans from financial institutes were 170.99 million baht or 38.40% of the total liabilities and decreased from year end 2018 equal 4.22 million baht or decreased 2.41%. In addition, in year end 2019 the Company have the short-term loan from related parties are decrease. For the short-term land from related party at year end 2019 are 60.70 million (13.63% of the total liabilities) with decreased 10.80 million baht or decreased 15.10% from year end 2018. For the current liabilities are significantly decreased such a long-term loan that due for settlement within 1 year are decreased 30.53 million baht, accrued expend are increased 6.91 million baht and short-term loan and accrued interest expend are increased 20.07 million baht.

## **Shareholders' Equity**

As of the ending date of 2019, the shareholders' equity of the Company registered at 494.88 million baht, increased from year end 2018 of 25.76 million baht or increased 5.49%. The profit for the year in 2019 was 27.42 million baht so that the unappropriated retained earnings were 333.70 million baht.

## **The operation results for the fiscal year ended December 31, 2019**

### **Total Revenue**

The total income for the year 2019 registered at 342.67 million baht. Increased from year end 2018 equal 26.43 million baht or increased 8.36%. The main income of the Company was the service income of 338.52 million baht or 98.79% of the total revenue.

### **Total Expenses**

The total expenses for the year 2019 were 307.46 million baht with are consisting of the cost of service are 229.32 million baht (66.92% of total Income), and administrative and general expenses of 48.50 million baht (14.15% of total income). Besides, the financial cost of the Company were 29.63 million baht. For the cost of service in 2019 has decreased 8.45 million baht or 3.56%, compared with that of 2018. The administrative expenses have decreased 83.80 million baht or decreased 63.34% compared with that of 2018.

### **Earnings before financial cost and tax (EBIT)**

In 2019, the profit before financial cost and tax of the Company were 64.85 million baht which in 2018 have loss before financial cost and tax were 53.84 million baht.

### **Net Profits**

In 2019, the profit for the year of the Company was 27.42 million baht while in 2018 have loss 81.25 million baht. However, the Company have the cash flow from operation activity for the year 2019 increased 14.06 million baht or increased 24.28% where compared with the year 2018.

#### **Notes:**

- As financial status and the operation results of Thai NDT Public Company Limited only.
- For more information, please see the Company's Annual Disclosure Information (56-1) as presented on the [www.sec.or.th](http://www.sec.or.th) or the Company's Website ([www.tndt.co.th](http://www.tndt.co.th)).



# REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Thai Nondestructive Testing Public Company Limited

## Opinion

I have audited the consolidated financial statements of Thai Nondestructive Testing Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of Thai Nondestructive Testing Public Company Limited, which comprise the separate statement of financial position as at December 31, 2019, and the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Thai Nondestructive Testing Public Company Limited and its subsidiaries as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended, and the accompanying separate financial statements present fairly, in all material respects, the financial position of Thai Nondestructive Testing Public Company Limited as at December 31, 2019, and its financial performance and its 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 Financial Statements and the Separate Financial Statements” section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions together with the ethical requirements that are relevant to my audit of the consolidated financial statements and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with such 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 judgment, were of most significance in my audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

# REPORT OF CERTIFIED PUBLIC ACCOUNTANT

## Completeness and Proper Cut-off Period of Service Income and Related Cost of Services

### *Risk Description*

Regarding the 2019 quarterly reviews, I found some adjusted errors relating to service income and cost of services that were recorded incompletely and in improper period whereby the errors were understatements. The root causes of such errors were delay in communications and transmission of job-closed documents on the rendered services between (1) departments of the Company and (2) the Company's officer who was responsible for handover of works and the customer's officer who was responsible for acceptance of works. Amount of the identified errors was material to the overall financial statements. In addition, completeness and proper cut-off period of service income and related cost of services at each quarter-end significantly affected the completeness and accuracy of trade receivables and trade payables in the Company's statement of financial position as well as service income and cost of services in the statement of comprehensive income. This significant matter gave rise to significant risk on the aforesaid accounts, which are significant accounts and directly relevant to the business activities (service rendering) of the Company.

Significant accounting policies and other information relating to trade receivables, trade payables, service income, and cost of services were disclosed in Notes 3, 5, and 22 to the financial statements.

### *Responses to the Risk*

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to appropriate and acceptable level and enable the Group's consolidated financial statements and the Company's financial statements to be free from material error or misstatement:

- Considered and obtained understanding in the Company's working procedures and related internal controls in connection with the service systems and related costing which also included reading and obtaining the understanding in documentation and reporting attributable to the Company's handover of works and acceptance of works by the Company's customers.
- Considered the detail of works being done and still outstanding as at the end of year and brought in the gathered information to perform analytical review with documents and reports of works done and related handover as well as the analysis of gross profit of each job.
- Performed cut-off test on service income together with consideration of related costs both before and after the date of statement of financial position, in the extent that I considered appropriate, by comparison of the accounting period that service income was recognized with the information gathered from the Company's job-closed and handover documents and acceptance of works by the customers.
- Performed circularization of balance at year-end of (1) trade receivables and amount of service income incurred during the year to the Company's customers and (2) trade payables and amount of purchases as well as other costs incurred during the year to the subcontractors or suppliers, in the extent that I considered appropriate, and followed up the responses on such circularization in order to gather and use as supplemental information for my cut-off test performed on service income and related costs.

### **Other Information**



## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the consolidated financial statements and the separate financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

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

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

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the 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 the consolidated financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 Financial Statements and the Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and the 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 consolidated financial statements and separate financial statements.

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

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

- Identify and assess the risks of material misstatement of the consolidated financial statements and the 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 Group'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 consolidated financial statements and the separate 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 financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the 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 financial statements and the 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





## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

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.



(Mr. Akadet Pliensakul)  
Certified Public Accountant  
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 24, 2020

# STATEMENTS OF FINANCIAL POSITION

THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 AND 2018

## ASSETS

		In Baht			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		4,133,872	2,859,997	2,181,839	825,994
Current investment in fixed deposit		9,680	9,598	9,680	9,598
Trade receivables					
- Billed - net	5	60,172,125	58,467,234	60,172,125	58,467,234
- Unbilled		47,954,378	40,916,183	47,954,378	40,916,183
Short-term loans to and interest receivable from related person	4	6,002,729	5,951,084	-	-
Advances to subsidiaries	4	-	-	321,564,523	311,619,720
Supplies	6	5,177,162	5,590,288	5,177,162	5,590,288
Other current assets					
- Advances - net of allowance for doubtful account of Baht 800,223 in 2019	4	67,499,765	66,648,260	4,911,203	5,842,477
- Others - net of allowance for doubtful account of Baht 19,161,541 in 2019 and Baht 19,094,209 in 2018	4, 5	8,874,234	14,294,701	8,307,347	12,041,263
<b>Total Current Assets</b>		<b>199,823,945</b>	<b>194,737,345</b>	<b>450,278,257</b>	<b>435,312,757</b>
<b>NON-CURRENT ASSETS</b>					
Restricted deposits at banks	26	101,137	101,137	-	-
Investment in available-for-sale securities	7	37,244	36,808	37,244	36,808
Non-current portion of billed trade receivable	5	22,456,430	20,641,843	22,456,430	20,641,843
Loans to other companies - net	5, 8	63,576,047	64,792,698	63,576,047	64,792,698
Investment in subsidiaries accounted for using the cost method	2, 9	-	-	23,195,341	23,195,341
Investment in shares of related company - net	10	-	-	-	-
Property, plant and equipment - net	4, 11, 13, 14	606,171,996	612,987,008	258,756,296	266,551,036
Intangible assets - net	12	521,031	660,968	521,031	660,968
Advances for equipment and intangible assets - net of allowance for doubtful account of Baht 2,232,000		902,253	290,870	902,253	290,870
Other advances	4	130,392,064	125,828,547	94,499,761	94,501,078
Other non-current assets	26	27,212,717	12,171,926	25,957,083	10,905,385
<b>Total Non-Current Assets</b>		<b>851,370,919</b>	<b>837,511,805</b>	<b>489,901,486</b>	<b>481,576,027</b>
<b>TOTAL ASSETS</b>		<b>1,051,194,864</b>	<b>1,032,249,150</b>	<b>940,179,743</b>	<b>916,888,784</b>

The accompanying notes are an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 AND 2018

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht			
		Consolidated		The Company Only	
		2019	2018	2019	2018
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings from financial institutions	13	170,991,577	175,207,088	170,991,577	175,207,088
Trade payables		5,389,587	7,576,669	5,389,587	7,576,669
Current portion of liabilities under hire purchase and finances lease contracts	14	9,633,892	7,337,724	9,213,654	6,066,512
Current portion of long-term borrowings	13	12,209,463	42,741,089	12,209,463	42,741,089
Short-term loans from and interest payable to related persons	4	78,382,982	61,026,615	62,980,844	42,911,958
Short-term loans from other parties	15	60,700,000	71,500,000	60,700,000	71,500,000
Income tax payable		250,391	997,619	250,391	997,619
Accrued expenses and other current liabilities	4, 16	197,710,348	184,456,886	53,575,560	47,565,486
<b>Total Current Liabilities</b>		<b>535,268,240</b>	<b>550,843,690</b>	<b>375,311,076</b>	<b>394,566,421</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under hire purchase and finances lease contracts - net	14	16,826,364	14,954,142	16,324,234	14,954,142
Long-term borrowings - net	13	37,714,323	27,939,213	37,714,323	27,939,213
Liability for post-employment benefits	17	15,952,985	10,314,988	15,952,985	10,314,988
<b>Total Non-Current Liabilities</b>		<b>70,493,672</b>	<b>53,208,343</b>	<b>69,991,542</b>	<b>53,208,343</b>
<b>Total Liabilities</b>		<b>605,761,912</b>	<b>604,052,033</b>	<b>445,302,618</b>	<b>447,774,764</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common shares, Baht 1 par value					
Authorized share capital - 100,000,000 common shares, Baht 1 par value		100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid-up share capital - 100,000,000 common shares,					
Baht 1 par value		100,000,000	100,000,000	100,000,000	100,000,000
Premium on common shares	18	51,171,072	51,171,072	51,171,072	51,171,072
Retained earnings					
- Appropriated for legal reserve	18	10,000,000	10,000,000	10,000,000	10,000,000
- Unappropriated		302,619,975	282,516,356	333,703,310	307,940,641
Other components of equity					
- Change in fair value of investment in available-for-sale securities	7	2,743	2,307	2,743	2,307
- Difference on financial statement conversion of subsidiaries		(8,122,837)	(7,314,362)	-	-
<b>Equity attributable to Owners of the Parent</b>		<b>455,670,953</b>	<b>436,375,373</b>	<b>494,877,125</b>	<b>469,114,020</b>
Non-controlling interests	2, 9	(10,238,001)	(8,178,256)	-	-
<b>Total Shareholders' Equity</b>		<b>445,432,952</b>	<b>428,197,117</b>	<b>494,877,125</b>	<b>469,114,020</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,051,194,864</b>	<b>1,032,249,150</b>	<b>940,179,743</b>	<b>916,888,784</b>

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

		In Baht			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
<b>REVENUES</b>					
Service income - net		338,521,914	309,266,721	338,521,914	309,266,721
Other income	4	3,644,854	6,476,589	4,152,592	6,978,598
<b>Total Revenues</b>		<b>342,166,768</b>	<b>315,743,310</b>	<b>342,674,506</b>	<b>316,245,319</b>
<b>EXPENSES</b>					
Cost of services	4, 20	229,321,021	237,775,621	229,321,021	237,775,621
Administrative expenses	4, 5, 12, 17, 20	54,700,498	139,500,182	48,502,904	132,306,842
Finance costs	4, 14	30,645,634	23,187,070	29,632,171	22,145,480
<b>Total Expenses</b>		<b>314,667,153</b>	<b>400,462,873</b>	<b>307,456,096</b>	<b>392,227,943</b>
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSE</b>	23	27,499,615	(84,719,563)	35,218,410	(75,982,624)
<b>Income Tax Expense</b>	21, 23	7,796,080	5,267,631	7,796,080	5,267,631
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>19,703,535</b>	<b>(89,987,194)</b>	<b>27,422,330</b>	<b>(81,250,255)</b>
<b>Other Comprehensive Income (Loss)</b>					
<i>Item that will be subsequently reclassified to profit or loss</i>					
- Change in fair value of investment in available-for-sale securities	7	436	304	436	304
- Difference on financial statement conversion of subsidiaries		(808,475)	(2,950,803)	-	-
<i>Item that will not be subsequently reclassified to profit or loss</i>					
- Actuarial loss on measurement of liability for post-employment benefits (net of income tax effect of Baht 414,915 in 2019 and Baht 59,412 in 2018)	17, 21	(1,659,661)	(237,649)	(1,659,661)	(237,649)
<b>Other Comprehensive Loss for the Year</b>		<b>(2,467,700)</b>	<b>(3,188,148)</b>	<b>(1,659,225)</b>	<b>(237,345)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>17,235,835</b>	<b>(93,175,342)</b>	<b>25,763,105</b>	<b>(81,487,600)</b>
<b>Profit (Loss) Attributable to:</b>					
Owners of the parent		21,763,280	(87,673,255)	27,422,330	(81,250,255)
Non-controlling interests		(2,059,745)	(2,313,939)	-	-
<b>Profit (Loss) for the Year</b>		<b>19,703,535</b>	<b>(89,987,194)</b>	<b>27,422,330</b>	<b>(81,250,255)</b>
<b>Total Comprehensive Income (Loss) Attributable to:</b>					
Owners of the parent		19,295,580	(90,861,403)	25,763,105	(81,487,600)
Non-controlling interests		(2,059,745)	(2,313,939)	-	-
<b>Total Comprehensive Income (Loss) for the Year</b>		<b>17,235,835</b>	<b>(93,175,342)</b>	<b>25,763,105</b>	<b>(81,487,600)</b>
<b>Basic Earnings (Loss) per Share</b>		<b>0.22</b>	<b>(0.88)</b>	<b>0.27</b>	<b>(0.81)</b>
<b>Weighted Average Number of Common Shares</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>

The accompanying notes are an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Consolidated (In Baht)								
Equity attributable to Owners of the Parent								
		Retained Earnings			Other Components of Equity			Total Shareholders' Equity
		Issued and Fully Paid-up Share Capital	Premium on Common Shares	Appropriated for Legal Reserve	Unappropriated	Change in Fair Value of Investment in Available-for-Sale Securities	Difference on Financial Statement Conversion of Subsidiaries	Equity attributable to Owners of the Parent
<b>Beginning Balance as at January 1, 2018</b>		100,000,000	51,171,072	10,000,000	370,427,260	2,003	(4,363,559)	527,236,776
Total comprehensive loss for the year		-	-	-	(87,910,904)	304	(2,950,803)	(90,861,403)
<b>Ending Balance as at December 31, 2018</b>		100,000,000	51,171,072	10,000,000	282,516,356	2,307	(7,314,362)	436,375,373
Total comprehensive income for the year		-	-	-	20,103,619	436	(808,475)	19,295,580
<b>Ending Balance as at December 31, 2019</b>		100,000,000	51,171,072	10,000,000	302,619,975	2,743	(8,122,837)	455,670,953

The accompanying notes are an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	The Company Only (In Baht)					
					Other Component	
					of Equity	
	Retained Earnings				Change in Fair Value	
	Issued and Fully	Premium	Appropriated		of Investment in	Total
Paid-up	on Common	for		Available-for-Sale	Shareholders'	
Share Capital	Shares	Legal Reserve	Unappropriated	Securities	Equity	
Beginning Balance as at January 1, 2018	100,000,000	51,171,072	10,000,000	389,428,545	2,003	550,601,620
Total comprehensive loss for the year	-	-	-	(81,487,904)	304	(81,487,600)
Ending Balance as at December 31, 2018	100,000,000	51,171,072	10,000,000	307,940,641	2,307	469,114,020
Total comprehensive income for the year	-	-	-	25,762,669	436	25,763,105
Ending Balance as at December 31, 2019	100,000,000	51,171,072	10,000,000	333,703,310	2,743	494,877,125

The accompanying notes are an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	In Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before income tax expense	27,499,615	(84,719,563)	35,218,410	(75,982,624)
Adjustments				
Depreciation and amortization	35,099,010	34,088,237	31,737,926	30,637,718
Expenses on post-employment benefits	3,563,421	637,163	3,563,421	637,163
Increase in bad debt and allowance for doubtful accounts	5,503,541	89,674,961	5,503,541	89,674,961
Gain on sales of equipment	-	(471,963)	-	(467,412)
Unrealized loss (gain) on exchange rate	(834,235)	5,560,211	(834,235)	5,560,211
Interest income	(52,598)	(4,028,082)	(352)	(3,974,616)
Interest expense	27,655,104	21,967,868	26,641,640	20,926,278
Decrease (increase) in operating assets				
Trade receivables	(13,977,008)	1,803,999	(13,977,008)	1,803,999
Supplies	413,126	(892,867)	413,126	(892,867)
Other current assets	3,573,725	(4,268,637)	3,669,953	(6,555,407)
Other non-current assets	(15,051,698)	(3,437,910)	(15,051,698)	(3,461,911)
Increase (decrease) in operating liabilities				
Trade payables	(2,173,781)	1,937,448	(2,173,781)	1,937,448
Accrued expenses and other current liabilities	15,440,759	15,743,702	5,401,138	7,988,100
Liability for post-employment benefits	-	(308,990)	-	(308,990)
	86,658,981	73,285,577	80,112,081	67,522,051
Income tax paid	(8,128,400)	(9,601,379)	(8,128,393)	(9,601,372)
<b>Net Cash Provided by Operating Activities</b>	<b>78,530,581</b>	<b>63,684,198</b>	<b>71,983,688</b>	<b>57,920,679</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease in restricted deposits at banks	-	6,998,863	-	7,000,000
Increase in current investment	(82)	(81)	(82)	(81)
Increase in advances to subsidiaries	-	-	(9,944,803)	(13,382,201)
Decrease in loans to other companies	-	8,189,403	-	8,189,403
Additions to property, plant and equipment (net of government grants received of Baht 1,020,903 in 2019 - see Note 11)	(21,141,710)	(8,836,550)	(13,925,214)	(39,598)
Additions to intangible assets	(131,950)	(113,630)	(131,950)	(113,630)
Increase in other advances	(4,358,896)	(9,424,187)	1,317	(202,885)
Proceeds from sales of equipment	-	501,259	-	490,259
Interest received	953	72,515	352	70,658
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(25,631,685)</b>	<b>(2,612,408)</b>	<b>(24,000,380)</b>	<b>2,011,925</b>

# STATEMENTS OF FINANCIAL POSITION

THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	In Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in bank overdrafts and short-term borrowings from financial institutions	(4,215,511)	(20,832,623)	(4,215,511)	(20,832,623)
Increase in short-term loans from related persons	14,357,688	12,565,999	16,953,566	9,716,000
Decrease in short-term loans from other parties	(10,800,000)	(25,500,000)	(10,800,000)	(25,500,000)
Payments of liabilities under hire purchase and finances lease contracts	(8,700,239)	(2,779,125)	(8,351,395)	(2,494,414)
Increase in long-term borrowings	-	20,000,000	-	20,000,000
Repayment of long-term borrowings	(20,756,516)	(17,830,420)	(20,756,516)	(17,830,420)
Dividends paid	-	(500)	-	(500)
Interest paid	(20,701,968)	(24,028,045)	(19,457,607)	(23,188,592)
<b>Net Cash Used in Financing Activities</b>	<b>(50,816,546)</b>	<b>(58,404,714)</b>	<b>(46,627,463)</b>	<b>(60,130,549)</b>
<b>DIFFERENCE ON FINANCIAL STATEMENT CONVERSION</b>	<b>(808,475)</b>	<b>(2,950,803)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,273,875</b>	<b>(283,727)</b>	<b>1,355,845</b>	<b>(197,945)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>2,859,997</b>	<b>3,143,724</b>	<b>825,994</b>	<b>1,023,939</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>4,133,872</b>	<b>2,859,997</b>	<b>2,181,839</b>	<b>825,994</b>
<b>Supplementary disclosures of cash flow information:</b>				
<b>A. Cash and cash equivalents at end of year:</b>				
Cash in hand	314,290	362,162	237,332	284,680
Current accounts and savings deposits at banks	3,812,928	2,491,239	1,937,853	534,718
Fixed deposits at banks	6,654	6,596	6,654	6,596
Total	4,133,872	2,859,997	2,181,839	825,994
<b>B. Non-cash transactions:</b>				
Purchases of assets by means of hire purchase and finances lease contracts	12,868,629	19,325,785	12,868,629	19,325,785
Increase (decrease) in payables on purchase of assets	(5,397,759)	25,592,767	(2,511,161)	13,675,035
Interest on loans which was capitalized as part of other advances	204,621	5,571,561	-	5,571,561
Transfer of short-term borrowing from financial institution to long-term borrowing	-	42,500,000	-	42,500,000
Equipment transferred from advances for equipment	-	16,707,109	-	16,707,109
Equipment transferred from other non-current assets	10,914	-	-	-

The accompanying notes are an integral part of these financial statements.



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements December 31, 2019 and 2018

### 1. GENERAL

Thai Nondestructive Testing Public Company Limited (“the Company”), formerly Thai Nondestructive Testing Company Limited, was registered as a juristic company under the laws of Thailand on April 21, 1982. The Company was transformed to limited public company and was registered in the Market for Alternative Investment in 2007. The Company is engaged in rendering the nondestructive engineering services and its registered office addresses are as follows:

- Head office is located at 19 Soi Suanson 8, Ramkamhaeng Road, Huamark, Bangkok, Bangkok.
- Branch office is located at 29 Banphlong Road, Marbaphud, Amphur Muang, Rayong.

### 2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht, which are the core functional currency, and in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The consolidated financial statements for the years ended December 31, 2019 and 2018 included the accounts of the Company and its subsidiaries in which the Company has the controlling power or direct / indirect shareholding as follows:

Company Name	Type of Business	Authorized Share Capital		Percentage of Direct / Indirect Shareholding	
		2019	2018	2019	2018
Laos Thai Nondestructive Testing Company Limited (Lao PDR)	Rendering non-destructive testing and other testing services	USD 0.2 million	USD 0.2 million	70.00	70.00
TNDT CM Company Limited	Rendering excavation and transportation services of coal for the coal mine concessionaire	Baht 25 million	Baht 25 million	46.00	46.00
TNDT Power Company Limited (“TNDTPW”)	Generating and sales of electricity from coal-fired thermal power	Baht 1 million	Baht 1 million	99.97	99.97
MKTNDT Company Limited (Myanmar)	Procurement and services of public utility systems and other related business	Kyat 1,000 million	Kyat 1,000 million	55.00	55.00

Significant intercompany transactions between the Company and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Starting from January 1, 2019, the Company and its subsidiaries had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), newly issued and revised by TFAC, which became effective from the accounting period starting on or after January 1, 2019. The aforesaid adoption of newly issued and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Company and its subsidiaries.

Subsequently, TFAC issued several Notifications which were announced in the Royal Gazette during 2019 regarding the revision and issuance of new TAS and TFRS as well as TSIC, TFRIC and accounting guidance with effective from the accounting period beginning on or after January 1, 2020 whereby the Company and its subsidiaries had not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such new and revised TAS and TFRS as well as TSIC, TFRIC and accounting guidance are as follows:

TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 12	Income Taxes
TAS 16	Property, Plant and Equipment
TAS 19	Employee Benefits
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rates
TAS 23	Borrowing Costs
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27	Separate Financial Statements
TAS 28	Investments in Associates and Joint Ventures
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 32	Financial Instruments: Presentation
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TAS 40	Investment Property
TAS 41	Agriculture
TFRS 1	First-time adoption of Thai Financial Reporting Standards
TFRS 2	Share-based Payment
TFRS 3	Business Combinations
TFRS 4	Insurance Contracts
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments: Disclosures
TFRS 8	Operating Segments
TFRS 9	Financial Instruments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TFRS 16	Lease





# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 “Financial Reporting in Hyperinflationary Economies”
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments
Accounting guidance	Exemptions for businesses under common control: first-time adoption of Thai financial reporting standards

Management of the Company and its subsidiaries has preliminarily assessed and believed that there will be no material effect to the financial statements of the Group upon adoption of the aforesaid new and revised TAS and TFRS as well as TSIC, TFRIC and accounting guidance with effective in 2020, except:

### TFRS 9 Financial Instruments (and other related standards)

TFRS 9 specifies the methods that the entity shall classify and measure its financial assets, financial liabilities, and contracts to purchase or sell the non-financial items. TFRS 9 is divided into the following three parts:

1. Classification and measurement
2. Impairment
3. Hedge accounting

Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset's contractual cash flows which is divided into three categories i.e. amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Impairment of financial assets shall be recognized in the following stages:

1. Stage 1: the 12-month expected credit loss shall be recognized in profit or loss. Interest income (if any) shall be calculated base on gross carrying amount without netting the allowance for expected credit loss.
2. Stage 2: upon significant rise in credit risk and not being at low level, the entity shall recognize the full lifetime credit loss in profit or loss. Interest income (if any) shall be calculated based on the same principle to Stage 1.
3. Stage 3: upon significant rise in credit risk of financial asset that is considered as credit impaired, Interest income (if any) shall be calculated base on gross carrying amount net of the allowance for expected credit loss.

Hedge accounting is purposed for reflecting the impacts in the financial statements that are caused in risk management activities using the financial instruments on management of exposures to the risks and such risks shall affect profit or loss and/or other comprehensive income. TFRS 9 specifies the relationships of hedge accounting into three categories i.e. fair value hedge, cash flows hedge, and hedge of net investment in foreign entity.

Thus, TFRS 9 affects the Company and its subsidiaries to reclassify and measure its financial assets and financial liabilities in the consolidated and separate statements of financial position for each of the periods ended in 2020 with respect to aforesaid principle whereby the effect has been during assessment of the management which is expected to be completed within the first quarter of 2020.

#### TFRS 16 Leases

TFRS 16 specifies that lessee shall recognize right-of-use in asset (a kind of asset) and lease liability (a kind of liability) for all lease agreements with exception for short-term lease agreement (not exceeding 12-month period) or lease agreement for the underlying low-value asset. Right-of-use in asset shall be depreciated by straight-line method over the lease term or any other systematic basis with better reflection of information. Lease liability shall be discounted for cash flows of payments throughout the lease term whereby the discount rate shall be considered appropriate in situation and to the entity.

For lessor, classification and accounting for operating lease or finance lease is still required as previously done. Therefore, there is no significant change or impact on the lessor.

Thus, TFRS 16 affects the Company and its subsidiaries to recognize the right-of-use in asset and the lease liabilities whereby the balances of non-current asset and non-current liability in the consolidated and separate statements of financial position as at December 31, 2019 shall be increased from those reported whereby the effect has been during assessment of the management which is expected to be completed within the first quarter of 2020 whereas effect to the consolidated and separate statements of comprehensive income is insignificant.

The Company and its subsidiaries disclosed information for the year ended December 31, 2018 for being the comparative information in the financial statements for the year ended December 31, 2019 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries.

Significant intercompany transactions between the Company and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

#### *Subsidiaries*

Subsidiaries are those company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of as well as variable returns from a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries are transformed as deemed necessary to uniform for the similar policies.

#### *Accounting for acquisitions of non-controlling interests*

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, any gain or loss is recognized in the statement of comprehensive income. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

#### Foreign Currencies

#### *Transactions in foreign currencies*

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

#### *Foreign entity*

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period.

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Differences arising on foreign currency translation / conversion are recognized as other comprehensive income or loss and separately presented as other components of equity until the foreign currency investment is disposed, then such differences shall be recognized as profit or loss.

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted or collateralized deposits at bank were presented as a separate item under “Non-current assets” in the statements of financial position.

### Trade / Other Receivables and Allowance for Doubtful Accounts

Trade and other receivables are carried at original invoice amount or at the accrued amount net of allowance for doubtful accounts.

The Company and its subsidiaries provide an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on the historical collection experience coupled with the review of current status of the existing receivables as well as the estimated and evaluating various situations in the future.

### Supplies Valuation

Supplies are valued at the lower of cost, by first-in first-out method, and net realizable value.

### Investments

#### *Current investment*

Current investment represents investment in fixed deposit with bank. The Company accounts for this investment at cost net of allowance for impairment (if any).

#### *Investment in available-for-sale securities*

Marketable equity securities are classified as available-for-sale investments. Subsequent to initial recognition, available-for-sale investments are stated at fair value, and changes in valuation of fair value therein, other than impairment losses and foreign currency differences of monetary items, are recognized as other comprehensive income or loss and separately presented as other components of equity. Impairment losses and foreign currency differences of monetary items are recognized as profit or loss. When investments are disposed, the cumulative gain or loss previously recognized as other components of equity is recognized as profit or loss.

In case the Company disposes of a part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### *Investment in subsidiaries*

Investment in subsidiaries in the separate financial statements is accounted for using the cost method and stated at cost net of allowance for impairment (if any).

### *Investment in shares of related company*

Investment in shares of related company represents investment in the 5% preferred shares of a related company whereby the Company holds the entire preferred shares of such company.

Investment in preferred shares of such company is accounted for using the cost method and stated at cost less allowance for impairment.

## **Property, Plant and Equipment and Depreciation**

### *Owned assets*

Land is stated at cost less allowance for impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying amounts are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

### *Depreciation*

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each part of an item separately for each significant part of the assets. The useful lives are as follows:

	No. of Years
Buildings	20, 30
Building improvements	5, 10
Operating tools and equipment	5, 10
Furniture, fixtures and office equipment	5
Vehicles	5

No depreciation has been charged for land and construction or installation in progress.

Depreciation methods, residual values, and useful lives are reviewed at each financial year-end and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life.

Government grants related to assets are government grants whose primary condition is that the Company qualifying for them should purchase, construct or otherwise acquire fixed assets. Subsidiary conditions may also be attached restricting the type or location of the fixed assets or the periods which they are to be acquired or held. A government grant is recognized only when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and the grant will be received. Government grant related to assets in the statements of financial position was recorded as a deduction from cost of the related fixed assets.



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### Intangible Assets

#### *Software licenses*

Software licenses are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of 5 years.

#### *Amortization*

Amortization is charged to the statement of comprehensive income on a straight-line method over the useful lives of particular intangible assets. Intangible assets with an indefinite useful life are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at each financial year-end and adjusted if appropriate.

### Impairment of Assets

The carrying amounts of the assets of the Company and its subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less costs to sell or value in use). The review is made for individual assets or for the cash-generating unit.

In case that the carrying amount of an asset exceeds its recoverable amount, the Company and its subsidiaries recognize the impairment losses by reducing the carrying amount of the asset to its recoverable amount and by recording the devaluation in the statements of comprehensive income. The reversal of the recognized impairment losses is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

### Capitalization of Borrowing Costs

Interest on liabilities acquired for construction of building is capitalized as part of the cost of the asset. The capitalization of interest is ceased when the construction are completed and ready for their intended use.

### Trade and Other Payables

Trade and other payables are stated at cost.

### Employment Benefits

#### *Short-term benefits*

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

#### *Post-employment benefits*

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.



# NOTES TO FINANCIAL STATEMENTS

## **THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** **Notes to Financial Statements (Continued)** **December 31, 2019 and 2018**

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed, or at least every three years, by the qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost, interest cost, past service cost, which are presented as profit or loss items, and actuarial gain/loss on measurement which is presented as other comprehensive income item.

### **Provisions**

A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Revenue Recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the amount of the revenue as well as related cost can be measured reliably whereby there is consideration about characteristics, amount, timing as well as uncertainty of revenue and contractual cash flows from contract with customer.

Service income is recognized at a point in time when the Company has completely rendered service to the customer and on an accrual basis.

Interest income is recognized over time on a time proportion basis that reflects the effective yield on the asset if significant.

Dividend income is recognized at a point in time when the right to receive dividends is established or upon dividend declaration.

Rental income on the assets is recognized over time on a straight-line basis over the lease term.

Other income is recognized on an accrual basis.

### **Expense Recognition**

Payments made under operating leases are recognized in the statement of comprehensive income on a straight line basis over the lease term.

Other expenses are recognized on an accrual basis.

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

#### Income Tax

##### *Current tax*

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years (if any).

##### *Deferred tax*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1 inputs"), secondary priority to other observable inputs ("Level 2 inputs"), and the lowest priority to unobservable inputs ("Level 3 inputs").

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

#### Finance Lease

Leases or hire purchases of assets whereby the Company has substantially all the risks and rewards of ownership and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve an effective rate on the finance balance outstanding.



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### Use of Estimates

In order to prepare financial statements in conformity with the Thai accounting standards and the Thai financial reporting standards, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Allowance for doubtful accounts of trade receivables, advances and other receivables, loan receivables and advances for intangible assets
- Allowance for impairment of investment in shares of related company
- Useful lives and residual values of building and equipment and intangible assets
- Assumptions used in calculation and estimate of liability for post-employment benefits
- Fair values and fair value measurements of financial assets, financial liabilities and financial instruments.

### Basic Earnings (Loss) per Share

Basic earnings (loss) per share is determined by dividing profit (loss) attributable to owners of the parent by the weighted average number of common shares outstanding during the year (100,000,000 shares).

## 4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

Types of relationship of related parties are as follows:

Company / Person Name	Type of Business	Relationship	Percentage of Holding	
			2019	2018
Laos Thai Nondestructive Testing Company Limited	Nondestructive testing and other testing services	Subsidiary	70.00	70.00
TNDT CM Company Limited	Rendering excavation and transportation services of coal for the coal mine concessionaire	Subsidiary	46.00	46.00
TNDT Power Company Limited	Generating and sales of electricity from coal-fired thermal power	Subsidiary	99.97	99.97
MKTNDT Company Limited	Procurement and services of public utility systems and other related business	Subsidiary	55.00	55.00
OIS (Thailand) Company Limited	Advisory services for engineering	Shareholders of the entire preferred shares and co-directors	51.00	51.00
Chiangmai Mining and Power Plant Company Limited	Sales of coal and other ores	Co-directors and co-shareholders	-	-

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Company / Person Name	Type of Business	Relationship	Percentage of Holding	
			2019	2018
Munja Company Limited	Sales with maintenance services of medical equipment	Co-directors and co-shareholders	-	-
Enspect Group Company Limited	Building inspection services	Co-directors and co-shareholders	-	-
Puttaraksa Power Company Limited (see Note 9)	Manufacturing and sales of rice bran oil and agricultural crops	Co-directors and co-shareholders	-	-
Ms. Chomduen Satavuthi	-	Directors and shareholders	-	-
Mr. Krirkkiat Satavuthi	-	Directors and shareholders	-	-
Mr. Suwat Daengpiboonsakul	-	Directors and shareholders	-	-
Mrs. Ghongmuang Daengpiboonsakul	-	Relative of shareholder and director	-	-
Mrs. Niramom Satavuthi	-	Relative of shareholder and director	-	-
Ms. Vajana Sakulraemrungs	-	Relative of shareholder and director	-	-
Ms. Kanchana Sakulraemrungs	-	Relative of shareholder and director	-	-
Mr. Thavij Sakulraemrungs	-	Relative of shareholder and director	-	-
Mr. Thanan Satavuthi	-	Director and shareholder of subsidiary (TNDT Power Company Limited)	-	-
Mr. Songyot Chomsri	-	Director and shareholder of subsidiary (TNDT CM Company Limited)	-	-
Mr. Sangkhagna Chanthakhots	-	Director and shareholder of subsidiary (Laos Thai Nondestructive Testing Company Limited)	-	-
Mr. Sai Won Pan	-	Director and shareholder of subsidiary (MKTNDT Company Limited)	-	-
Key management	-	Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether as executive or otherwise)	-	-





# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing policies
Interest income	Interest rate referenced to deposit rate of commercial bank
Management fee income	Mutually agreed price
Office rental charges	Mutually agreed price
Land and structure rental charges	Mutually agreed price
Interest expense	Mutually agreed interest rate (3.5%, 7%, 7.5%, 7.76% and 15% per annum)
Purchases of assets	Mutually agreed price
Key management's remunerations	Mutually agreed amount
Corporate guarantee on credit facilities and liabilities by directors	Free of charge

Transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
<b>Mrs. Ghongmuang Daengpiboonsakul</b>				
Office rental charges (recorded as part of cost of services)	240	240	240	240
<b>Mr. Thanan Satavuthi</b>				
Land and structure rental charges (recorded as part of cost of services)	216	216	216	216
<b>Ms. Chomduen Satavuthi</b>				
Interest expense	2,868	1,896	2,473	1,495
<b>Ms. Vajana Sakulraemrung</b>				
Interest expense	410	317	410	317
<b>Mr. Krirkkiat Satavuthi</b>				
Interest expense	517	525	-	-
<b>Ms. Kanchana Sakulraemrung</b>				
Interest expense	487	464	487	464
<b>Mr. Thavij Sakulraemrung</b>				
Interest expense	-	65	-	65
<b>Mr. Suwat Daengpiboonsakul</b>				
Interest expense	82	-	82	-
<b>Mr. Thanan Satavuthi</b>				
Interest expense	25	-	25	-
<b>Mr. Songyot Chomsri</b>				
Interest income	52	52	-	-
<b>TNDT CM Co., Ltd.</b>				
Purchases of assets	-	-	-	2
<b>TNDT Power Co., Ltd.</b>				
Management fee income	-	-	561	561
Purchases of assets	-	-	-	9
<b>Key management's remunerations</b>				
Short-term benefits	12,443	12,443	12,443	12,443
Post-employment benefits	2,273	172	2,273	172
<b>Total</b>	<b>14,716</b>	<b>12,615</b>	<b>14,716</b>	<b>12,615</b>

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Outstanding balances with related parties as at December 31, 2019 and 2018 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
<b>Laos Thai Nondestructive Testing Co., Ltd.</b>				
Advances	-	-	375	375
<b>TNDT CM Co., Ltd.</b>				
Advances	-	-	60,969	59,900
Other advances	-	-	29,094	29,094
Other receivable (other current assets)	-	-	30	-
<b>TNDT Power Co., Ltd.</b>				
Advances	-	-	252,866	244,029
Management fee income (other current assets)	-	-	1,300	700
<b>MKTNDT Co., Ltd.</b>				
Advances	-	-	7,355	7,316
Other payable (accrued expenses and other current liabilities)	-	-	2,111	2,349
<b>Ms. Chomduen Satavuthi</b>				
Advances (accrued expenses and other current liabilities)	24,326	16,323	-	-
Short-term loans and accrued interest	45,630	27,150	43,876	24,299
<b>Mr. Krirkkiat Satavuthi</b>				
Short-term loans and accrued interest	13,648	15,264	-	-
<b>Mr. Thanan Satavuthi</b>				
Prepaid rental charges (other current assets)	1,386	1,602	1,386	1,602
Short-term loans and accrued interest	1,425	1,400	1,425	1,400
<b>Mr. Suwat Daengpiboonsakul</b>				
Short-term loans and accrued interest	4,682	4,400	4,682	4,400
<b>Ms. Vajana Sakulraemrung</b>				
Short-term loans and accrued interest	6,011	6,190	6,011	6,190
<b>Ms. Kanchana Sakulraemrung</b>				
Short-term loans and accrued interest	6,987	6,623	6,987	6,623
<b>Mr. Songyot Chomsri</b>				
Short-term loans and interest receivable	6,003	5,951	-	-
Advances (other current assets)	4,190	4,190	4,190	4,190
Advances (accrued expenses and other current liabilities)	409	409	-	-
<b>Mr. Sangkhagna Chanthakhot</b>				
Other receivables (other current assets)	370	370	370	370
Advances (other current assets)	23	25	-	-
<b>Mr. Sai Won Pan</b>				
Advances (other current assets)	18,312	18,800	-	-
Other advances	15,320	15,320	15,320	15,320
Advances (accrued expenses and other current liabilities)	5,243	5,206	-	-



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

Outstanding balances with related parties as at December 31, 2019 and 2018 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
<b>Laos Thai Nondestructive Testing Co., Ltd.</b>				
Advances	-	-	375	375
<b>TNDT CM Co., Ltd.</b>				
Advances	-	-	60,969	59,900
Other advances	-	-	29,094	29,094
Other receivable (other current assets)	-	-	30	-
<b>TNDT Power Co., Ltd.</b>				
Advances	-	-	252,866	244,029
Management fee income (other current assets)	-	-	1,300	700
<b>MKTNDT Co., Ltd.</b>				
Advances	-	-	7,355	7,316
Other payable (accrued expenses and other current liabilities)	-	-	2,111	2,349
<b>Ms. Chomduen Satavuthi</b>				
Advances (accrued expenses and other current liabilities)	24,326	16,323	-	-
Short-term loans and accrued interest	45,630	27,150	43,876	24,299
<b>Mr. Krirkkiat Satavuthi</b>				
Short-term loans and accrued interest	13,648	15,264	-	-
<b>Mr. Thanan Satavuthi</b>				
Prepaid rental charges (other current assets)	1,386	1,602	1,386	1,602
Short-term loans and accrued interest	1,425	1,400	1,425	1,400
<b>Mr. Suwat Daengpiboonsakul</b>				
Short-term loans and accrued interest	4,682	4,400	4,682	4,400
<b>Ms. Vajana Sakulraemrung</b>				
Short-term loans and accrued interest	6,011	6,190	6,011	6,190
<b>Ms. Kanchana Sakulraemrung</b>				
Short-term loans and accrued interest	6,987	6,623	6,987	6,623
<b>Mr. Songyot Chomsri</b>				
Short-term loans and interest receivable	6,003	5,951	-	-
Advances (other current assets)	4,190	4,190	4,190	4,190
Advances (accrued expenses and other current liabilities)	409	409	-	-
<b>Mr. Sangkhagna Chanthakhot</b>				
Other receivables (other current assets)	370	370	370	370
Advances (other current assets)	23	25	-	-
<b>Mr. Sai Won Pan</b>				
Advances (other current assets)	18,312	18,800	-	-
Other advances	15,320	15,320	15,320	15,320
Advances (accrued expenses and other current liabilities)	5,243	5,206	-	-

## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Movements during the year of short-term loans to and interest receivable from related person are as follows:

	Consolidated (In Thousand Baht)			Balance as at December 31, 2019
	Balance as at December 31, 2018	Movement		
		Increase	Decrease	
<b>Mr. Songyot Chomsri</b>				
Short-term loans	5,750	-	-	5,750
Interest receivable	201	52	-	253
Total	5,951	52	-	6,003

Movements during the year of short-term loans from and interest payable to related parties are as follows:

	Consolidated (In Thousand Baht)			
	Balance as at December 31, 2018	Movement		Balance as at December 31, 2019
		Increase	Decrease	
<b>Short-term loans</b>				
Ms. Chomduen Satavuthi	25,786	32,350	16,261	41,875
Mr. Krirkkiat Satavuthi	15,000	-	1,431	13,569
Mr. Suwat Daengpiboonsakul	4,400	800	600	4,600
Ms. Vajana Sakulraemrung	6,100	500	1,000	5,600
Ms. Kanchana Sakulraemrung	6,500	-	-	6,500
Mr. Thanan Satavuthi	1,400	-	-	1,400
Enspect Group Company Limited	-	260	260	-
Total short-term loans	59,186	33,910	19,552	73,544
<b>Interest payable</b>				
Ms. Chomduen Satavuthi	1,364	2,868	477	3,755
Mr. Krirkkiat Satavuthi	264	517	702	79
Mr. Suwat Daengpiboonsakul	-	82	-	82
Ms. Vajana Sakulraemrung	90	410	89	411
Ms. Kanchana Sakulraemrung	123	487	123	487
Mr. Thanan Satavuthi	-	25	-	25
Total interest payable	1,841	4,389	1,391	4,839
Total	61,027	38,299	20,943	78,383

	The Company Only (In Thousand Baht)			
	Balance as at December 31, 2018	Movement		Balance as at December 31, 2019
		Increase	Decrease	
<b>Short-term loans</b>				
Ms. Chomduen Satavuthi	22,936	32,000	14,746	40,190
Mr. Suwat Daengpiboonsakul	4,400	800	600	4,600
Ms. Vajana Sakulraemrung	6,100	500	1,000	5,600
Ms. Kanchana Sakulraemrung	6,500	-	-	6,500
Mr. Thanan Satavuthi	1,400	-	-	1,400
Enspect Group Company Limited	-	260	260	-
Total short-term loans	41,336	33,560	16,606	58,290



## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

	The Company Only (In Thousand Baht)		
	Balance as at December 31, 2018	Movement	Balance as at December 31, 2019
		Increase	Decrease
<b>Interest payable</b>			
Ms. Chomduen Satavuthi	1,363	2,473	150
Mr. Suwat Daengpiboonsakul	-	82	-
Ms. Vajana Sakulraemrung	90	410	89
Ms. Kanchana Sakulraemrung	123	487	123
Mr. Thanan Satavuthi	-	25	-
Total interest payable	1,576	3,477	362
Total	42,912	37,037	16,968

In the early 2014, the Company initiated the future investment project of the Company, i.e. the construction of coal-fired power plant project in Tachilek Province of Myanmar, which is the planned cooperative project with alliance in Myanmar and the Myanmar Government. The Company has partially paid advances for investment and development costs of such project whereby the project development will be executed by the Company itself and hiring the work of subsidiary, i.e. TNDT CM Company Limited (“TNDT CM”), as well as the related persons and other persons in connection with such project. The Company has hired the works of TNDT CM (at mutually-agreed service rates) to operate, on behalf of the Company, the preparation and leveling the surface of the ground areas to facilitate the construction of coal-fired power plant as well as transportation of coal for supplying the power plant in the future. As at December 31, 2019 and 2018, the balances of other advances in the statements of financial position consisted of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Costs of preparation and leveling the ground surface for power plant	29,080	29,008	29,094	29,094
Costs of licenses and procurement for land	8,956	8,956	8,956	8,956
Costs of project consultancies	32,425	30,985	19,045	19,045
Costs of interest and financial charges	21,415	21,210	19,220	19,220
Other costs	38,516	35,670	18,185	18,186
Total	130,392	125,829	94,500	94,501



## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

#### 5. BILLED TRADE RECEIVABLES

As at December 31, 2019 and 2018, billed trade receivables (including non-current portion) classified by outstanding period are as follows:

	Consolidated and the Company Only (In Thousand Baht)	
	2019	2018
Current	30,355	24,965
Overdue:		
Not exceeding 3 months	19,603	21,865
Between 3 months and 6 months	2,910	10,473
Between 6 months and 12 months	771	9,305
Exceeding 12 months	70,131	50,224
Total	123,770	116,832
Less allowance for doubtful accounts	( 41,142)	( 37,723)
Net	82,628	79,109

As at December 31, 2019 and 2018, the Company transferred the right on cash collection from certain trade receivables totalling approximately Baht 17.1 million and Baht 9.7 million, respectively, for being guarantee of short-term borrowings under factoring from bank as described in Note 13.

As at December 31, 2019 and 2018, the Company had partial balances of trade receivables, other receivables (other current assets), and loan receivables which are due at call (see more information in Note 8) with non-related companies whereby the amounts are significant and long-outstanding as follows:

Description of Receivables	2019 - Consolidated and the Company Only (In Thousand Baht)			
	Trade Receivables	Other Receivable	Loan Receivables	Total
(1) Local customer company	1,357	19,094	53,398	73,849
(2) Foreign customer and alliance company	43,956	-	63,576	107,532
Total	45,313	19,094	116,974	181,381
Less Allowance for doubtful	( 19,857)	( 19,094)	( 53,398)	( 92,349)
Net	25,456	-	63,576	89,032
Less Current portion	( 3,000)	-	-	( 3,000)
Non-current portion	22,456	-	63,576	86,032

Description of Receivables	2018 - Consolidated and the Company Only (In Thousand Baht)			
	Trade Receivables	Other Receivable	Loan Receivables	Total
(1) Local customer company	1,357	19,094	53,398	73,849
(2) Foreign customer and alliance company	41,142	-	64,793	105,935
Total	42,499	19,094	118,191	179,784
Less Allowance for doubtful	( 16,857)	( 19,094)	( 53,398)	( 89,349)
Net	25,642	-	64,793	90,435
Less Current portion	( 5,000)	-	-	( 5,000)
Non-current portion	20,642	-	64,793	85,435



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

Receivable in (1) engages in the business relating to engineering services rendered to its customers, who are in oil and natural gas industry. Presently, this receivable is under the absolute receivership in the bankruptcy case that was filed against receivable by its other creditor. The Company has filed the petition for being distributed the cash collection from this receivable with the receivership officer and this receivable has not yet filed the petition to compound the debt with any creditors as at December 31, 2019. The management considered, under the principle of conservatism, and provided the allowance for doubtful account in full amount of outstanding balances that the Company had with the receivable in (1).

Receivable in (2) is during the start-up years of business relating to nondestructive engineering testing services rendered in Indonesia whereby volumes of cash collection from this receivable during 2019 and 2018 were not much as compared to the ending balances as at December 31, 2019 and 2018. In addition, the balance of trade receivable with this receivable has been also overdue exceeding one year. Accordingly, the management considered, under the principle of conservatism, and provided the allowance for doubtful accounts for the outstanding balances as at December 31, 2019 and 2018 that the Company had with this receivable by considering the projected cash flows as cash collections from receivables that was assessed and estimated to receive by the Company. Such cash collections are projected for a period of approximately 10 years and are discounted by the discount rate of 7.5% p.a. which represented the average interest rate attributable to the short-term loans from related persons. The Company additionally provided the allowance for doubtful account for this receivable amounting to Baht 3 million during 2019 because of changes in timing of the projected cash flow as cash collections.

Provision for doubtful accounts that was additionally recognized and presented as part of administrative expenses in the statements of comprehensive income for the years 2019 and 2018 are summarized below:

Additional Provision for	Consolidated and the Company Only (In Thousand Baht)	
	2019	2018
Trade receivables with receivables in (1) and (2)	3,000	16,857
Other general trade receivables	419	326
Other receivable with receivable in (1)	-	19,094
Loan receivables with receivables in (1) and (2)	-	53,398
Total	3,419	89,675

### 6. SUPPLIES

	Consolidated and the Company Only (In Thousand Baht)	
	2019	2018
General supplies	4,436	4,305
Industrial radiation ores	741	1,285
Total	5,177	5,590

### 7. INVESTMENT IN AVAILABLE-FOR-SALE SECURITIES

This account is investment in unit trusts of mutual funds which are marketable securities. As at December 31, 2019 and 2018, cost of this investment amounted to Baht 35 thousand, while fair value (evaluated from Level 1 inputs of fair value hierarchy) amounted to Baht 37 thousand. These mutual funds mainly invest in debt securities of the government agencies.

## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

#### 8. LOANS TO OTHER COMPANIES - NET

	Consolidated and the Company Only (In Thousand Baht)			
	Balance as at December 31, 2018	Movement		Balance as at December 31, 2019
		Increase	Decrease	
Loans to local customer	53,398	-	-	53,398
Loans to foreign customer and business alliance	64,793	-	1,217	63,576
Total	118,191	-	1,217	116,974
Less Allowance for doubtful	( 53,398)	-	-	( 53,398)
Net	64,793	-	1,217	63,576

Loans to customer are the unsecured loans to a local company whose business is engaged in rendering the construction and installation services of steel structures which necessarily requires the Company's services relating to nondestructive testing. These loans were approved in the meetings of the Company's Executive Board and bear interest at 7.5% per annum and due on demand. By considering the credit risk and principle of conservatism, the Company has ceased recognizing the interest income on the borrower.

Loans to customer and business alliance are the unsecured loans to a company incorporated in Indonesia whose business is engaged in rendering the nondestructive engineering services in Indonesia which necessarily requires huge volumes of the Company's services and technical assistance relating to nondestructive testing both in current and future periods. These loans bear interest at 7.5% per annum and due on demand. By considering the credit risk and principle of conservatism, the Company has ceased recognizing the interest income on the borrower.

#### 9. INVESTMENT IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD

	The Company Only					
	Paid-up Share Capital		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2019	2018	2019	2018	2019	2018
	In Thousand U.S. Dollar					
Laos Thai Nondestructive Testing Company Limited	40	40	70.00	70.00	864	864
	In Thousand Baht					
TNDT CM Company Limited	12,500	12,500	46.00	46.00	5,750	5,750
TNDT POWER Company Limited	1,000	1,000	99.97	99.97	1,000	1,000
	In Thousand Kyat					
MKTNDT Company Limited	550,000	550,000	55.00	55.00	15,581	15,581
					23,195	23,195

During 2019 and 2018, the subsidiaries did not declare any dividend to the shareholders.



## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

On July 25, 2011, Laos Thai Nondestructive Testing Public Company Limited has been granted a license for foreign investment in Lao PDR from the government of Lao PDR for a period of 15 years to operate its business relating to rendering the testing services for oil and gas tanks, construction equipment, building with steel structure, embankment, and nondestructive testing (NDT) services.

On October 21, 2013, TNDT CM Company Limited (“TNDT CM”) has been established and registered under the laws of Thailand whereby a portion of 46% of TNDT CM’s share capital has been invested by the Company and the rest of 54% by a related person and local private company in Myanmar in the proportion of 46% and 8%, respectively. In substance and practical, the Company has control and governing power over the financial and operating activities of TNDT CM through the voting rights in the Board of Directors’ meeting and sole subsidizing the financial assistance and support to TNDT CM.

Significant financial information in the financial statements for the years 2019 and 2018 of TNDT CM which included the non-controlling interest at the proportion of 54% is as follows:

	In Million Baht	
	2019	2018
Current assets	46.3	46.0
Non-current assets	1.8	4.8
Current liabilities	68.4	67.8
Non-current liabilities	0.5	-
Capital deficiency	(20.8)	(17.0)
Revenues	-	-
Loss for the year	( 3.9)	( 4.0)
Total comprehensive loss for the year	( 3.9)	( 4.0)

At the Board of Directors’ meeting on June 30, 2014, the Board of Directors passed the resolution approving the Company to jointly invest, with a non-related party alliance who is incorporated in Myanmar, i.e. Min Khit Thit Mining Company Limited (“MKTMC”), and establish MKTNDT Company Limited (“MKTNDT”) whose business is engaged in procurement of public utility systems and other related businesses in Myanmar. The Company and MKTMC agreed to invest in MKTNDT at the proportion of 55% and 45%, respectively, (MKTNDT is subsidiary of the Company) whereby the authorized share capital of MKTNDT amounted to Kyat 1,000 million (divided into 10,000 common shares, Kyat 100,000 par value) or equivalent to approximately Baht 28.3 million. The establishment processes of MKTNDT were finished in September 2015 whereby the Company has paid for investment in MKTNDT totalling approximately Baht 15.6 million and the remaining balance of approximately Baht 12.7 million for share subscription is attributable to MKTMC which is still payable to MKTNDT.

In August 2015, MKTMC, who is the key business alliance of the Company (seller / electric power supplier), has entered into the power purchase agreement for the electricity to be generated from the coal-fired power plant in Myanmar with the Power Committee of Tachileik (buyer) whereby the counterparties have agreed to purchase and sell of electricity under the term of 30 years with the selling prices, in Thai Baht, as specified in such agreement.

At the Board of Directors’ meeting on August 11, 2018, the Board of Directors passed the resolution to approve in principle with respect to the feasibility study and direction on establishment and incorporation of the new subsidiary in Indonesia whereby the Company is during the process for such feasibility study and direction as at December 31, 2019.

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

At the Board of Directors' meeting on December 19, 2019, the Board of Directors approved the Company to acquire the entire business of Puttaraksa Power Company Limited ("PPC") whereby PPC is an entity under common control of the Company because PPC has the same major shareholders and co-directors to the Company. PPC was established in 2012 to engage in energy business and manufacturing of oil and fats from plants and animals. Presently, PPC has not yet started its business activities. PPC has authorized share capital and paid-up share capital amounting to Baht 100 million and Baht 25 million, respectively. The Company's plan for investment in PPC shall be done in the first quarter of 2020 with the acquisition price of Baht 24.98 million which approximates book value of PPC. Such price shall be settled in 5 installments at Baht 4.996 million per installment throughout the first until third quarters of 2020. Cash flows for this investment shall be derived from the Company's operating activities. After acquisition of PPC, the Company has planned that PPC (which will be a new subsidiary of the Company) shall engage in rendering the technical services attributable to electron beam as well as other related businesses.

### 10. INVESTMENT IN SHARES OF RELATED COMPANY - NET

	Consolidated and the Company Only (In Thousand Baht)	
	2019	2018
Investment in shares - at cost	1,020	1,020
Less allowance for impairment	(1,020)	(1,020)
Net	-	-

This account represents investment in 5% preferred shares of OIS (Thailand) Co., Ltd. ("OIS") whereby the Company holds the entire preferred shares of such company while common shares are mostly held by its parent in England, Oilfield Inspection Services (International) Limited. OIS engages in rendering of engineering advisory services and its business has been inactive since 2003. OIS incurred net loss from operations and had capital deficiency. OIS was registered for liquidation on December 30, 2015 and has been taken the liquidation process. The Company has considered and recognized the impairment loss on the entire amount of such investment since 2005.

### 11. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated (In Thousand Baht)				
<u>Assets held for use</u>	Balance as at	Movements during the Year			Balance as at
	December 31, 2018	Addition	Deduction	Transfer	December 31, 2019
<b>Cost</b>					
Land	21,842	-	-	36,000	57,842
Building and improvements	84,927	93	-	32,801	117,821
Operating tools and equipment	284,209	19,092	-	2,007	305,308
Furniture, fixtures, and office equipment	29,103	1,404	-	1,044	31,551
Vehicles	50,149	3,045	-	-	53,194
Construction in progress and equipment under installation	352,432	4,367	-	( 94)	356,705
<b>Total Cost</b>	822,662	28,001	-	71,758	922,421
<b>Accumulated Depreciation</b>					
Building and improvements	34,851	5,669	-	4,146	44,666
Operating tools and equipment	173,337	21,920	-	749	196,006
Furniture, fixtures, and office equipment	25,532	1,939	-	541	28,012
Vehicles	42,266	5,299	-	-	47,565
<b>Total Accumulated Depreciation</b>	275,986	34,827	-	5,436	316,249
<b>Net</b>	546,676				606,172





# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

<u>Assets held for lease</u>	Consolidated (In Thousand Baht)			
	Balance as at	Movements during the Year		
	December 31, 2018	Addition	Deduction	Transfer
<b>Cost</b>				
Land	36,000	-	-	( 36,000)
Building and improvements	32,801	-	-	( 32,801)
Operating tools and equipment	1,902	-	-	( 1,902)
Furniture, fixtures, and office equipment	1,044	-	-	( 1,044)
<b>Total Cost</b>	<b>71,747</b>	<b>-</b>	<b>-</b>	<b>( 71,747)</b>
<b>Accumulated Depreciation</b>				
Building and improvements	4,146	-	-	( 4,146)
Operating tools and equipment	749	-	-	( 749)
Furniture, fixtures, and office equipment	541	-	-	( 541)
<b>Total Accumulated Depreciation</b>	<b>5,436</b>	<b>-</b>	<b>-</b>	<b>( 5,436)</b>
<b>Net</b>	<b>66,311</b>			
	<b>612,987</b>			<b>606,172</b>

<u>Assets held for use</u>	Consolidated (In Thousand Baht)			
	Balance as at	Movements during the Year		
	December 31, 2017	Addition	Deduction	Transfer
<b>Cost</b>				
Land	21,842	-	-	-
Building and improvements	82,888	435	-	1,604
Operating tools and equipment	255,617	9,100	68	19,560
Furniture, fixtures, and office equipment	28,198	1,160	255	-
Vehicles	48,459	2,810	1,120	-
Construction in progress and equipment under installation	333,345	23,543	-	( 4,456)
<b>Total Cost</b>	<b>770,349</b>	<b>37,048</b>	<b>1,443</b>	<b>16,708</b>
<b>Accumulated Depreciation</b>				
Building and improvements	30,892	3,959	-	-
Operating tools and equipment	154,628	18,761	52	-
Furniture, fixtures, and office equipment	23,795	1,980	243	-
Vehicles	36,498	6,886	1,118	-
<b>Total Accumulated Depreciation</b>	<b>245,813</b>	<b>31,586</b>	<b>1,413</b>	<b>-</b>
<b>Net</b>	<b>524,536</b>			<b>546,676</b>

<u>Assets held for lease</u>	Consolidated (In Thousand Baht)			
	Balance as at	Movements during the Year		
	December 31, 2017	Addition	Deduction	Transfer
<b>Cost</b>				
Land	36,000	-	-	-
Building and improvements	32,801	-	-	-
Operating tools and equipment	1,902	-	-	-
Furniture, fixtures, and office equipment	1,044	-	-	-
<b>Total Cost</b>	<b>71,747</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated Depreciation</b>				
Building and improvements	2,506	1,640	-	-
Operating tools and equipment	422	327	-	-
Furniture, fixtures, and office equipment	325	216	-	-
<b>Total Accumulated Depreciation</b>	<b>3,253</b>	<b>2,183</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>68,494</b>			<b>66,311</b>
	<b>593,030</b>			<b>612,987</b>

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

	The Company Only (In Thousand Baht)				
<u>Assets held for use</u>	Balance as at	Movements during the Year			Balance as at
	<u>December 31, 2018</u>	<u>Addition</u>	<u>Deduction</u>	<u>Transfer</u>	<u>December 31, 2019</u>
<b>Cost</b>					
Land	21,842	-	-	36,000	57,842
Building and improvements	82,743	93	-	32,801	115,637
Operating tools and equipment	273,489	19,092	-	2,007	294,588
Furniture, fixtures, and office equipment	28,640	1,404	-	1,044	31,088
Vehicles	44,896	3,045	-	-	47,941
Construction in progress	11,770	37	-	( 105)	11,702
<b>Total Cost</b>	<u>463,380</u>	<u>23,671</u>	<u>-</u>	<u>71,747</u>	<u>558,798</u>
<b>Accumulated Depreciation</b>					
Building and improvements	34,326	5,468	-	4,146	43,940
Operating tools and equipment	165,192	19,893	-	749	185,834
Furniture, fixtures, and office equipment	25,224	1,857	-	541	27,622
Vehicles	38,398	4,248	-	-	42,646
<b>Total Accumulated Depreciation</b>	<u>263,140</u>	<u>31,466</u>	<u>-</u>	<u>5,436</u>	<u>300,042</u>
<b>Net</b>	200,240				258,756

	The Company Only (In Thousand Baht)				
<u>Assets held for lease</u>	Balance as at	Movements during the Year			Balance as at
	December 31, 2018	Addition	Deduction	Transfer	December 31, 2019
<b>Cost</b>					
Land	36,000	-	-	( 36,000)	-
Building and improvements	32,801	-	-	( 32,801)	-
Operating tools and equipment	1,902	-	-	( 1,902)	-
Furniture, fixtures, and office equipment	1,044	-	-	( 1,044)	-
<b>Total Cost</b>	71,747	-	-	( 71,747)	-
<b>Accumulated Depreciation</b>					
Building and improvements	4,146	-	-	( 4,146)	-
Operating tools and equipment	749	-	-	( 749)	-
Furniture, fixtures, and office equipment	541	-	-	( 541)	-
<b>Total Accumulated Depreciation</b>	5,436	-	-	( 5,436)	-
<b>Net</b>	66,311				-
	266,551				258,756

	The Company Only (In Thousand Baht)				
<u>Assets held for use</u>	Balance as at	Movements during the Year			Balance as at
	<u>December 31, 2017</u>	<u>Addition</u>	<u>Deduction</u>	<u>Transfer</u>	<u>December 31, 2018</u>
<b>Cost</b>					
Land	21,842	-	-	-	21,842
Building and improvements	81,179	435	-	1,129	82,743
Operating tools and equipment	244,897	9,100	68	19,560	273,489
Furniture, fixtures, and office equipment	27,714	1,157	231	-	28,640
Vehicles	43,206	2,810	1,120	-	44,896
Construction in progress	12,920	2,831	-	( 3,981)	11,770
<b>Total Cost</b>	<u>431,758</u>	<u>16,333</u>	<u>1,419</u>	<u>16,708</u>	<u>463,380</u>
<b>Accumulated Depreciation</b>					
Building and improvements	30,528	3,798	-	-	34,326
Operating tools and equipment	148,625	16,619	52	-	165,192
Furniture, fixtures, and office equipment	23,567	1,883	226	-	25,224
Vehicles	33,680	5,836	1,118	-	38,398
<b>Total Accumulated Depreciation</b>	<u>236,400</u>	<u>28,136</u>	<u>1,396</u>	<u>-</u>	<u>263,140</u>
<b>Net</b>	195,358				200,240



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

	The Company Only (In Thousand Baht)				
<u>Assets held for lease</u>	Balance as at	Movements during the Year			Balance as at
	December 31, 2017	Addition	Deduction	Transfer	December 31, 2018
<b>Cost</b>					
Land	36,000	-	-	-	36,000
Building and improvements	32,801	-	-	-	32,801
Operating tools and equipment	1,902	-	-	-	1,902
Furniture, fixtures, and office equipment	1,044	-	-	-	1,044
<b>Total Cost</b>	71,747	-	-	-	71,747
<b>Accumulated Depreciation</b>					
Building and improvements	2,506	1,640	-	-	4,146
Operating tools and equipment	422	327	-	-	749
Furniture, fixtures, and office equipment	325	216	-	-	541
<b>Total Accumulated Depreciation</b>	3,253	2,183	-	-	5,436
<b>Net</b>	68,494				66,311
	263,852				266,551

As at December 31, 2019 and 2018, the Company's certain vehicles and operating tools and equipment in the separate financial statements, of which carrying amounts totalling approximately Baht 32.5 million and Baht 26.9 million, respectively, and in the consolidated financial statements amounted to approximately Baht 32.6 million and Baht 27.7 million, respectively, were under commitments in relation to the obligations under conditions of hire purchase and finances lease contracts as described in Note 14.

As at December 31, the Company has mortgaged a portion of its land and structures thereon, with carrying amounts and mortgaged value of approximately Baht 125.4 million and Baht 489.7 million, respectively, in 2019 and Baht 129.6 million and Baht 489.7 million, respectively, in 2018 as collateral for credit facilities as described in Note 13 and collateral for letters of guarantee as described in Note 26.

As at December 31, 2019 and 2018, cost of a portion of plant and equipment which has been fully depreciated but still in use in the separate financial statements amounting to approximately Baht 177.4 million and Baht 141.8 million, respectively, and in the consolidated financial statements amounting to approximately Baht 179.6 million and Baht 141.8 million, respectively.

Depreciation of plant and equipment in the separate financial statements for the years ended December 31, 2019 and 2018 amounted to approximately Baht 31.5 million and Baht 30.3 million, respectively, and in the consolidated financial statements amounted to approximately Baht 34.8 million and Baht 33.8 million, respectively.

In 2019, the Company was subsidized with the government grants from National Innovation Agency (NIA) under the project relating to technological transformation for financial support which was in accordance with the government policy for promoting innovations, under the topic of "the semi-auto powered X-ray machine for oil and gas pipeline inspection by non-destructive testing" amounting to approximately Baht 1.0 million. As at December 31, 2019, the Company complied with certain conditions and requirements of these grants.

## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

#### 12. INTANGIBLE ASSETS - NET

	Consolidated and The Company Only (In Thousand Baht)			
	Balance as at December 31, 2018	Movements during the Year		Balance as at December 31, 2019
		Addition	Deduction	
Cost	5,170	132	-	5,302
Accumulated amortization	( 4,509)	( 272)	-	( 4,781)
<b>Net</b>	<u>661</u>	<u>( 140)</u>	<u>-</u>	<u>521</u>

	Consolidated and The Company Only (In Thousand Baht)			
	Balance as at December 31, 2017	Movements during the Year		Balance as at December 31, 2018
		Addition	Deduction	
Cost	5,057	113	-	5,170
Accumulated amortization	( 4,190)	( 319)	-	( 4,509)
<b>Net</b>	<u>867</u>	<u>( 206)</u>	<u>-</u>	<u>661</u>

As at December 31, 2019 and 2018, cost of a portion of the Company's intangible assets which has been fully amortized but still in use amounting to approximately Baht 3.9 million and Baht 3.6 million, respectively.

Amortization of intangible assets for each of the years ended December 31, 2019 and 2018, which was presented as part of "Administrative expenses" in the statements of comprehensive income, amounted to approximately Baht 0.3 million.

#### 13. CREDIT FACILITIES FROM BANKS

	Consolidated and the Company Only (In Thousand Baht)	
	2019	2018
<u>Bank overdrafts and short-term borrowings from financial institutions</u>		
Bank overdrafts	88,972	93,876
Loans under promissory notes	64,282	42,000
Loans under trust receipt agreements	4,079	31,554
Loans under factoring	13,659	7,777
<b>Total</b>	<b>170,992</b>	<b>175,207</b>
<u>Long-term borrowings</u>		
Long-term borrowings	49,923	70,680
Current portion	( 12,209)	( 42,741)
<b>Net</b>	<b>37,714</b>	<b>27,939</b>



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

As at December 31 2019, and 2018, the Company has overdraft line and other credit facilities from five local banks. As at December 31, 2019, the entire credit facilities from banks are as follows:

Type of Credit Facilities	Credit Facilities (In Million Baht)	Interest Rate (p.a.)
<i>Short-term credit facilities</i>		
Bank overdraft	89.0	MOR - 1%, MOR - 0.5%, MOR, MOR + 0.5% and MRR - 1%
Promissory note	84.4	MLR and 7.15%
Trust receipt / letter of credit	30.9	MLR and MLR - 1%
Factoring	20.0	MOR - 0.5%
Letter of guarantee	67.0	-
Forward exchange contract (buy / sell)	20.6	-
Total short-term credit facilities	311.9	
<i>Long-term loan credit facilities</i>	88.5	MLR - 0.5% and MLR - 1%
Total	400.4	(2018 of approximately Baht 391.0 million)

The abovementioned short-term credit facilities are guaranteed by the mortgage of the Company's land and structures thereon as described in Note 11, and land and structures thereon of certain directors of the Company with total mortgage value of approximately Baht 124.0 million as well as guarantee by certain directors of the Company.

The abovementioned long-term loans are loans from two local banks in 2019 and 2018 whereby loans from the first bank comprised two amounts of loans, i.e. Baht 26 millions and Baht 20 millions, which are guaranteed by the mortgage of the Company's land and structures thereon as described in Note 11, and land and structures thereon of certain directors of the Company with total mortgage value of approximately Baht 20.0 million as well as guarantee by certain directors of the Company. The loans are repayable, including interest, on monthly basis, totalling 84 months and 36 months, starting from June 2016 and June 2018, respectively. Loan from the second bank occurred from the matter that the Company negotiated for the transfer of short-term credit facilities on promissory note and related balance amounting to Baht 42.5 million to long-term credit facilities. The loan is guaranteed by the mortgage of the Company's land and structures thereon as described in Note 11, and land and structures thereon of certain directors of the Company with total mortgage value of approximately Baht 10.0 million as well as guarantee by certain directors of the Company. The loan is repayable, including interest, on monthly basis, totalling 43 months, starting from April 2018.

In addition, the Company must comply with certain covenants and undertakings of these loans e.g. maintaining Debt Service Coverage Ratio and Debt-to-Equity Ratio, etc.



## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

#### 14. LIABILITIES UNDER HIRE PURCHASE AND FINANCES LEASE CONTRACTS

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Liabilities under hire purchase and finances lease contracts				
- Due for payments within 1 year	10,914	8,175	10,420	6,877
- Due for payments within 2 - 5 years	18,991	16,985	18,459	16,985
Total	29,905	25,160	28,879	23,862
Less deferred interest	( 3,445)	( 2,868)	( 3,341)	( 2,841)
Liabilities under hire purchase and finances lease contracts - net of deferred interest	26,460	22,292	25,538	21,021
Less current portion	( 9,634)	( 7,338)	( 9,214)	( 6,067)
Net	16,826	14,954	16,324	14,954

Amortized interest in the separate financial statements for the years ended December 31, 2019 and 2018 amounted to approximately Baht 1.1 million and Baht 0.3 million, respectively, and in the consolidated financial statements amounted to approximately Baht 1.2 million and Baht 0.5 million, respectively, The Company presented such amortized interest as part of "Finance costs" in the statements of comprehensive income for each the years.

During 2015 - 2019, the Company and its subsidiaries entered into hire purchase and finance lease contracts with four private companies for the periods of 36 - 84 months whereby such hire purchase and finance lease contracts will end during 2021 - 2023.

In December 2018, the Company entered into sale and finance leaseback contract for an item of operating tools and equipment which the Company sold to a local leasing company at the price of approximately Baht 15.2 million. The carrying amount of such operating tools and equipment amounted to approximately Baht 14.4 million and, therefore, incurred gain on sales of approximately Baht 0.8 million. Then the Company leased such operating tools and equipment back (finance lease) on the same day at price of approximately Baht 15.2 million. However, for accounting practice, the Company's management considered overall substance of such entry and indicated as borrowing from the leasing company whereby the finance leased asset has been used as guarantee. The Company, therefore, did not eliminate records of the sold asset from its accounts as well as did not recognize the aforesaid gain on sales but recorded proceeds from sales, together with interest under (48) installment payments of the finances lease contracts with such leasing company, as part of liabilities under hire purchase and finance lease contracts in the statements of financial position as at December 31, 2019 and 2018 whereby the operating tools and equipment, which was sold and under finance leaseback, has been guarantee in respect of the finances lease contract.



## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

#### 15. SHORT-TERM LOANS FROM OTHER PARTIES

As at December 31, 2019, the Company had short-term loans and bills of exchange with terms of 5 - 6 months with four non-related persons, totalling Baht 61 million, for being the working capital in operations, which bear interest at 7.5% and 15% per annum. These loans are guaranteed by pledge of the Company's 13,000,000 common shares, which are owned by certain director of the Company.

As at December 31, 2018, the Company had short-term loans and bills of exchange with terms of 3 - 8 months with a non-related company and eight non-related persons, totalling Baht 72 million, for being the working capital in operations, which bear interest at 6.5%, 7%, 12%, and 15% per annum. These loans were guaranteed by pledge of the Company's 16,000,000 common shares, which were owned by certain director of the Company.

#### 16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Payables on purchase of assets	107,718	113,292	12,008	14,695
Advances from related person	29,977	21,938	-	-
Other payables	15,020	9,723	9,379	4,761
Accrued employee bonus	6,873	8,124	6,873	8,124
Retention payables	6,533	6,219	1,008	694
Accrued directors' remunerations	5,645	3,795	5,645	3,795
Accrued interest	5,555	1,524	5,427	1,486
Pending output tax	5,415	5,111	5,415	5,111
Value-added tax	3,060	2,760	3,060	2,760
Advances from customers	2,934	2,934	-	-
Payables to contractors	1,467	1,597	1,467	1,597
Others	7,513	7,440	3,294	4,542
Total	197,710	184,457	53,576	47,565

#### 17. LIABILITY FOR POST-EMPLOYMENT BENEFITS

The Company has obligations on post-employment benefits which were reassessed and recomputed by the qualified actuary during 2019. Movements of liability for post-employment benefits for the years 2019 and 2018 are as follows:

	Consolidated and the Company Only (In Thousand Baht)	
	2019	2018
Liability for post-employment benefits as at January 1	10,315	9,690
Current service cost	749	475
Past service cost	2,516	-
Gain on settlement	-	( 20)
Interest cost	298	182
Expense recognized as profit or loss item	3,563	637
Actuarial loss on measurement	2,075	298
Expense recognized in statement of comprehensive income	5,638	935
Employee benefits paid during the year	-	( 310)
Liability for post-employment benefits as at December 31	15,953	10,315

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Significant assumptions used in calculation of liability for post-employment benefits as at December 31, 2019 and 2018 are as follows:

- Discount rate	2.66% p.a. (2.65% p.a. as at December 31, 2018)
- Salary escalation rate	4.00% p.a. (5.00% p.a. as at December 31, 2018)
- Employee turnover rate	5.73% - 34.38% p.a. (7.64% - 34.38% p.a. as at December 31, 2018)

The abovementioned actuarial loss on measurement in 2019 comprised of (1) loss from experience adjustment amounting to approximately Baht 1,152 thousand and (2) loss from changes in demographic assumptions amounting to approximately Baht 1,460 thousand net of (3) gain from changes in financial assumptions amounting to approximately Baht 537 thousand.

The abovementioned actuarial loss on measurement in 2018 comprised of (1) loss from experience adjustment amounting to approximately Baht 341 thousand and (2) loss from changes in demographic assumptions amounting to approximately Baht 158 thousand net of (3) gain from changes in financial assumptions amounting to approximately Baht 201 thousand.

The abovementioned changes in significant assumptions may affect the sensitivity of the balance of provision or liability for post-employment benefits in respect of the information as per the calculation report of the qualified actuary as follows:

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	Consolidated and The Company Only	
	If Assumption Increased	If Assumption Decreased
Discount rate (increase/decrease by 0.5%)	( 472)	512
Salary escalation rate (increase/decrease by 1%)	1,002	( 872)
Employee turnover rate (increase/decrease by 20%)	( 1,237)	1,570

As at December 31, 2019 and 2018, the subsidiaries have been in the process of preparation for starting their core business of each company and hired only few number of permanent employees. Accordingly, the subsidiaries have no material obligation to be recognized on the post-employment benefits.

During 2018, the National Legislative Assembly agreed and approved to edit some provisions of the Labour Protection Act 1998 (B.E. 2541) which include the increase in compensations to be paid to the employees whose working period have reached 20 years or above from previously equivalent to basic wage of 300 days to 400 days. Such matter was later legally announced in the early of April 2019 and became effective in the early of May 2019. The Company's management considered, based on their judgement, that amendment of such employee benefit plan (amendment of the applicable laws) occurred and became effective in the second quarter of 2019. Accordingly, the Company accounted for the past service cost, resulted from the plan amendment, amounting to approximately Baht 2.5 million in the consolidated and separate financial statements in the second quarter of 2019, which was presented as part of administrative expenses for the year ended December 31, 2019.



# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### 18. PREMIUM ON COMMON SHARES AND LEGAL RESERVE

#### *Premium on shares*

Section 51 of the Public Companies Act B.E. 2535 requires the Company to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“premium on shares”). Premium on shares is not available for dividend distribution.

#### *Legal reserve*

Section 116 of the Public Limited Companies Act B.E. 2535 requires the Company to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account (“Legal reserve”) until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

### 19. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Employee expenses	142,705	140,488	141,977	139,665
Depreciation and amortization	35,099	34,088	31,738	30,638
Subcontract costs	32,768	35,562	32,768	35,562
Finance costs	30,646	23,187	29,632	22,145
Supplies and equipment consumed in services	28,817	26,741	28,817	26,740
Travelling and accommodation expenses	12,116	11,295	11,954	10,827
Bad debt and provision for doubtful accounts	5,504	89,675	5,504	89,675
Consultancy and professional fees	3,374	3,755	2,642	3,022
Repair and maintenance expenses	3,320	4,939	3,228	4,886
Loss (gain) on exchange rate	( 6,309)	3,103	( 6,219)	3,100

### 20. REGISTERED PROVIDENT FUND

The Company has a contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 5%-10% of the employees’ basic salaries depending on the length of employment. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company’s contribution, which was recorded as part of cost of services and administrative expenses, for the years ended December 31 amounted to approximately Baht 1.5 million and Baht 0.9 million in 2019 and Baht 2.1 million and Baht 0.8 million in 2018, respectively.

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

## 21. INCOME TAX

Corporate income tax recorded as expense (income) for the years ended December 31, 2019 and 2018 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Income tax computed from accounting profit (loss)	5,500	(16,944)	7,044	(15,197)
Effects from non-deductible expenses	6,748	20,414	5,186	18,667
Effects from additional deductible expenses	( 1,870)	( 642)	( 1,852)	( 642)
Effects from reduction in income tax rate under investment promotion	( 2,582)	( 304)	( 2,582)	( 304)
Current tax computed from taxable profit	7,796	2,524	7,796	2,524
Tax expense from write-down of deferred tax assets	-	2,744	-	2,744
Income tax presented as profit or loss in statement of comprehensive income	7,796	5,268	7,796	5,268
Income tax attributable to other comprehensive loss	( 415)	( 60)	( 415)	( 60)

As at December 31, 2019, two local subsidiaries had tax loss carryforward totalling approximately Baht 43.5 million whereby such loss carryforward is able to be used as tax credit until 2024.

## 22. SEGMENT REPORTING ON FINANCIAL INFORMATION

Statement of income is significant financial and core information of the Company and its subsidiaries that is provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Company and its subsidiaries have two significant operating segments (identified by internal reporting segments), i.e. (1) nondestructive testing services and (2) inspection services for pressure vessel and others. The Company and its subsidiaries do not have any transfer between segments. In addition, the Company and its subsidiaries are unable to apportion the segment information for assets and liabilities without undue costs.

### Information on Products or Services

	Consolidated (In Thousand Baht)					
	Nondestructive Testing Services		Inspection Services for Pressure Vessel and Others		Total	
	2019	2018	2019	2018	2019	2018
Service income	280,191	247,395	58,331	61,872	338,522	309,267
Less Segment expenses	( 132,598)	( 135,360)	( 13,056)	( 20,591)	( 145,654)	( 155,951)
Segment result	147,593	112,035	45,275	41,281	192,868	153,316
Add non-allocated revenues						
- Other income					3,645	6,477
Less non-allocated expenses						
- Cost of services					( 83,667)	( 81,825)
- Administrative expenses					( 54,700)	( 139,500)
- Finance costs					( 30,646)	( 23,187)
- Income tax expense					( 7,796)	( 5,268)
Profit (loss) for the year					19,704	( 89,987)





## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

	The Company Only (In Thousand Baht)					
	Nondestructive Testing Services		Inspection Services for Pressure Vessel and Others		Total	
	2019	2018	2019	2018	2019	2018
Service income	280,191	247,395	58,331	61,872	338,522	309,267
<u>Less Segment expenses</u>	<u>( 132,598)</u>	<u>( 135,360)</u>	<u>( 13,056)</u>	<u>( 20,591)</u>	<u>( 145,654)</u>	<u>( 155,951)</u>
Segment result	147,593	112,035	45,275	41,281	192,868	153,316
<u>Add non-allocated revenues</u>						
- Other income					4,152	6,979
<u>Less non-allocated expenses</u>						
- Cost of services					( 83,667)	( 81,825)
- Administrative expenses					( 48,503)	( 132,307)
- Finance costs					( 29,632)	( 22,145)
- Income tax expense					( 7,796)	( 5,268)
Profit (loss) for the year					27,422	( 81,250)

#### Information on Geographic Areas

As at December 31, 2019 and 2018, the subsidiaries have not yet started their core business activities and main operations of the Company are rendering services domestically while rendering services in abroad is an insignificant portion as compared to the entire services of the Company. Accordingly, the accompanying financial statements do not include information relating to information on geographic areas.

The Company has four subsidiaries whereby the subsidiaries incorporated in Myanmar and Lao PDR have no any non-current asset whereas the other two subsidiaries incorporated in Thailand had fixed assets located and used in Myanmar, i.e. buildings, operating tools and equipment, construction in progress and equipment under installation, of which the carrying amounts totalling approximately Baht 347.1 million and Baht 345.1 million were shown in the consolidated statements of financial position as at December 31, 2019 and 2018, respectively. The Company had fixed assets used in Indonesia, i.e. operating tools and equipment, of which the carrying amounts totalling approximately Baht 11.7 million and Baht 13.2 million were shown in the consolidated and separate statements of financial position as at December 31, 2019 and 2018, respectively.

#### Information on Key Customers

*(customers whose transactions exceeding 10% of total balance of transactions)*

	Percentage of Balance Attributable to Key Customers to Total Balance			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Service income				
- Nondestructive testing services	38.28	47.57	38.28	47.57
- Inspection services for pressure vessel and others	-	-	-	-
Total service income	31.69	38.06	31.69	38.06

# NOTES TO FINANCIAL STATEMENTS

## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

### 23. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company was granted certain promotional privileges in scientific laboratories activity on March 17, 2009 which include among others, exemption from payment of import duty on the imported machines used in the promoted business, exemption from payment of income tax on net profit from the promoted business for a period of eight years from the date income was first derived from the promoted business (August 7, 2009). Subsequently, the Company was granted the tax privileges pertaining to the promoted business in respect of the new promotional certificate granted in September 2017 which include among others, exemption from payment of import duty on the imported machines used in the promoted business, exemption from payment of income tax on net profit from the promoted business for a period of eight years starting from the date income was first derived from the promoted business (June 30, 2018).

As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2019 and 2018 are as follows:

	Consolidated (In Thousand Baht)					
	Promoted Business		Non-Promoted Business		Total	
	2019	2018	2019	2018	2019	2018
Service income - net	103,472	17,458	235,050	291,809	338,522	309,267
Other income	-	-	3,645	6,477	3,645	6,477
Cost of services	( 69,255)	( 13,125)	( 160,066)	( 224,651)	( 229,321)	( 237,776)
Administrative expenses	( 14,648)	( 7,303)	( 40,052)	( 132,197)	( 54,700)	( 139,500)
Finance costs	( 8,949)	( 1,222)	( 21,697)	( 21,965)	( 30,646)	( 23,187)
Income tax expense	-	-	( 7,796)	( 5,268)	( 7,796)	( 5,268)
Profit (loss) for the year	10,620	( 4,192)	9,084	( 85,795)	19,704	( 89,987)

	The Company Only (In Thousand Baht)					
	Promoted Business		Non-Promoted Business		Total	
	2019	2018	2019	2018	2019	2018
Service income - net	103,472	17,458	235,050	291,809	338,522	309,267
Other income	-	-	4,152	6,979	4,152	6,979
Cost of services	( 69,255)	( 13,125)	( 160,066)	( 224,651)	( 229,321)	( 237,776)
Administrative expenses	( 14,648)	( 7,303)	( 33,855)	( 125,004)	( 48,503)	( 132,307)
Finance costs	( 8,949)	( 1,222)	( 20,683)	( 20,923)	( 29,632)	( 22,145)
Income tax expense	-	-	( 7,796)	( 5,268)	( 7,796)	( 5,268)
Profit (loss) for the year	10,620	( 4,192)	16,802	( 77,058)	27,422	( 81,250)



## THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

### 24. DISCLOSURES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Company and its subsidiaries are exposed to normal business risks relating to credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company and its subsidiaries do not use derivative financial instruments for hedging or trading / speculation purposes. The Company and its subsidiaries had no significant change in risk management policy relating to financial instruments during 2019 and 2018.

#### Credit Risk

Credit risk arise when the counterparties fail to meet their obligations as agreed with the Company and its subsidiaries. Management believes that the Company and its subsidiaries do not have any material credit risk other than the amounts recognized in the financial statements because the Company and subsidiaries constantly evaluates and tracking the debtor's status and information. The maximum credit risk exposure in the event that other parties fail to perform their obligations is the carrying amount of trade and other receivables shown in the statements of financial position.

#### Liquidity Risk

The Company and its subsidiaries manage its liquidity risk and maintain a level of cash and cash equivalents deemed adequate coupled with the necessary use of sources of fund and debt formation to finance the operations of the Company and its subsidiaries and to mitigate the effects of fluctuations in cash flows as well as maintain the business continuation.

#### Foreign Exchange Rate Risk

The Company and its subsidiaries have certain foreign currency transactions that give rise to significant exposure to market risk from fluctuations in foreign exchange rates. However, the management believes that the foreign exchange rate risk is insignificant and still in the acceptable level. Hence, no financial derivative instruments are used to mitigate this risk.

#### Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to financial performance and cash flows of the Company and its subsidiaries. Management believes that the interest rate risk is insignificant because the Company's and its subsidiary's deposits at banks, investments, loan receivables, bank overdrafts, short-term and long-term borrowings bear interest at the floating market interest rates or approximate the market interest rates. Liabilities under hire purchase and financial lease contracts bear interest at the fixed rates that approximate the market interest rates.

#### Fair Value Measurement

The following method and assumptions were used by the Company and its subsidiaries in estimating fair values of financial assets and financial liabilities:

*Cash and cash equivalents, current investment, short-term loans to related person, advances, restricted deposits at banks, investment in available-for-sale securities, trade and other receivables, trade and other payables, and short-term and long-term borrowings*

The carrying amounts of the above accounts approximate their fair values due to their cash status or the relatively short-term maturities of these financial instruments or they are stated at fair values or bear interest at the floating and fixed rates approximate the market interest rates (Level 2 inputs).

## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Notes to Financial Statements (Continued)

December 31, 2019 and 2018

#### *Investments in subsidiaries and investment in shares of related company*

It is not practicable to estimate the proper fair values of such investments without incurring undue costs due to the absence of quoted market price of similar investments. However, the Company has considered and realized impairment loss on the entire amount of investment in shares of related company as shown in the statements of financial position and as described in Note 10.

#### *Loans to other companies and liabilities under hire purchase and finances lease contracts*

It is not practicable to estimate the proper fair value of loans to other companies and liabilities under hire purchase and finances lease contracts, with fixed interest rates, without incurring undue costs. However, the Company has considered and recognized the provision for doubtful on the entire amount of loans to local customer as shown in the statements of financial position and as described in Notes 5 and 8.

## 25. CAPITAL MANAGEMENT

Significant objectives of the capital management of the Company and its subsidiaries are to ensure that they have appropriate financial and capital structures as well as maintaining the financial liquidity and ability to continue their businesses as a going concern. The Company and its subsidiaries did not have any significant change relating to capital management policy during 2019 and 2018.

Debt-to-Equity ratio for the consolidated financial statements as at December 31, 2019 and 2018 was 1.36 : 1.00 and 1.41 : 1.00, respectively, whereas the separate financial statements as at December 31, 2019 and 2018 was 0.90 : 1.00 and 0.95 : 1.00, respectively.

## 26. OTHERS

As at December 31, 2019:

- a. The Company had letters of guarantee issued by a local bank as performance bonds for engineering services rendered to several private sector customers and a government agency totalling approximately Baht 25.5 million which are guaranteed by the mortgage of the Company's land and structures thereon as described in Note 11.
- b. The Company has two projects, with each two agreements therein, relating to solar PV rooftop system whereby the first agreement of both projects was made with a local non-related company who is contractor on the installation of system and equipment of such project with total service charges of approximately Baht 34.8 million (excluding value-added tax). The Company paid a portion of service charges totalling approximately Baht 5.0 million which was recorded as part of "Other non-current assets" in the consolidated and separate statements of financial position as at December 31, 2019 and is committed to pay the rest of service charges to the contractor amounting to approximately Baht 29.8 million. The system installation of such project is planned to complete within the second quarter of 2020. The second agreement of the first and second projects was made for rendering the solar-power electricity generating service to a local non-related company and a local private university, respectively, (counterparties) who hold ownership right in the premises on which such system of the Company is installed. The counterparties agreed to pay electricity generating service charge to the Company under the term of service for a period of 20 years, starting from the date on which the electricity is started generating to the counterparties which is expected by the Company's management to be held within the second quarter of 2020, at the mutually-agreed rates specified in the agreement. At the end of the aforesaid 20th year, the Company is committed to transfer the ownership right in all related system and equipment to the counterparties. The Company, the contractor, and the counterparties must comply with commitments and requirements specified in each of the relevant agreements.



## NOTES TO FINANCIAL STATEMENTS

### THAI NONDESTRUCTIVE TESTING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES Notes to Financial Statements (Continued) December 31, 2019 and 2018

- c. The Company had project in progress, with three agreements therein, relating to solar PV rooftop system by the purchase and transfer of right and obligation agreement, system and equipment installation agreement as well as related power purchase agreement whereby the first agreement was made with a local non-related company who transfer rights and obligations of such project with total transfer price of approximately Baht 11.5 million (excluding value-added tax). The second agreement was made with two local non-related companies who are contractor on the installation of system and equipment of such project with total service charges of approximately Baht 5.6 million (excluding value-added tax). The Company paid a portion of the transfer price as well as service charges to contractors totalling approximately Baht 1.8 million which was recorded as part of “Other non-current assets” in the consolidated and separate statements of financial position as at December 31, 2019 and is committed to pay the rest of the transfer price as well as service charges to the contractors amounting to approximately Baht 15.3 million. The system installation of such project is planned to complete within the first quarter of 2020. The third agreement was made for rendering the solar-power electricity generating service to a local non-related company (counterparty) who holds ownership right in the premises on which such system of the Company is installed. The counterparty agreed to pay electricity generating service charge to the Company under the term of service for a period of 15 years, starting from the date on which the electricity is started generating to the counterparty which is expected by the Company’s management to be held within the first quarter of 2020, at the mutually-agreed rates specified in the agreement. At the end of the aforesaid 15th year, the Company is committed to transfer the ownership right in all related system and equipment to the counterparty. The Company, the contractors, and the counterparty must comply with commitments and requirements specified in each of the relevant agreements.
- d. The Company had commitments on the research center project relating to electron accelerator technology in respect of the procurement of related machinery and equipment with a non-related company in China amounting to approximately USD 3.3 million (approximately Baht 101.3 million) whereby such amount is net of deposit of approximately USD 0.2 million (approximately Baht 5.0 million) which was presented as part of “Other non-current assets” in the consolidated and separate statements of financial position as at December 31, 2019. Such project is attributable to the collaboration agreement on technology and innovation that is signed by the Company and such company together with another non-related company in Thailand.
- e. A subsidiary (TNDTPW) had credit card facility for payment of fuels amounting to Baht 0.1 million with a local bank which is guaranteed by the subsidiary’s fixed deposit with such bank amounting to approximately Baht 0.1 million.
- f. A subsidiary (TNDTPW) had commitments on the construction of coal-fired power plant project in Shan State of Myanmar in respect of the related procurement of machinery and equipment of approximately Baht 158.4 million, JPY 567.0 million, and USD 15.3 million (totalling in Baht of approximately 781.7 million) and the related construction in progress as well as the tasks relating to preparation and leveling the ground surface of power plant of approximately Baht 3.9 million whereby the sources of fund to settle such commitments shall be borrowings of the Company (as being the parent) from financial institutions and other necessary sources of fund.

#### 27. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been approved to be issued by the Audit Committee’s meeting of the Company on February 24, 2020.





**TNDT SAVE  
THE WORLD**

**บริษัท ไทย เอ็น ดี ที จำกัด (มหาชน)  
Thai Nondestructive Testing Public Company Limited**

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