



Reliability

Safety

Agile

Customer Focus

Quality

**Annual Report 2017**

**Qualitech Public Company Limited**

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## Vision

To be an AEC's leading service provider in testing, inspection and certification for public safety in 2020

## Value

Reliability, Safety, Agile, Customer Focus and Quality

## Mission

1. We provide engineering inspection and certification for public safety.
2. We are committed to constantly develop the potentials both of our personnel and organization in order to become globally recognized.
3. We set to expand our services and build networking into ASEAN member countries.
4. We are driven based on Good Governance policy and always reminded of responsibilities we have, to society and environment Community.

## Financial Summary

31 December  
2017

31 December  
2016

31 December  
2015

### Statements of Comprehensive Income (Million Baht)

Total Revenue	425.51	445.78	510.02
Cost of Services and Expenses	399.05	399.10	407.98
Gross Profit	100.96	121.97	176.26
Net Profit	26.39	44.57	103.75

### Statements of Financial Position (Million Baht)

Total Assets	505.83	503.93	536.53
Total Liabilities	55.92	59.96	88.26
Total Shareholders' Equity of the parent company	449.53	443.97	447.74

### Financial Ratio

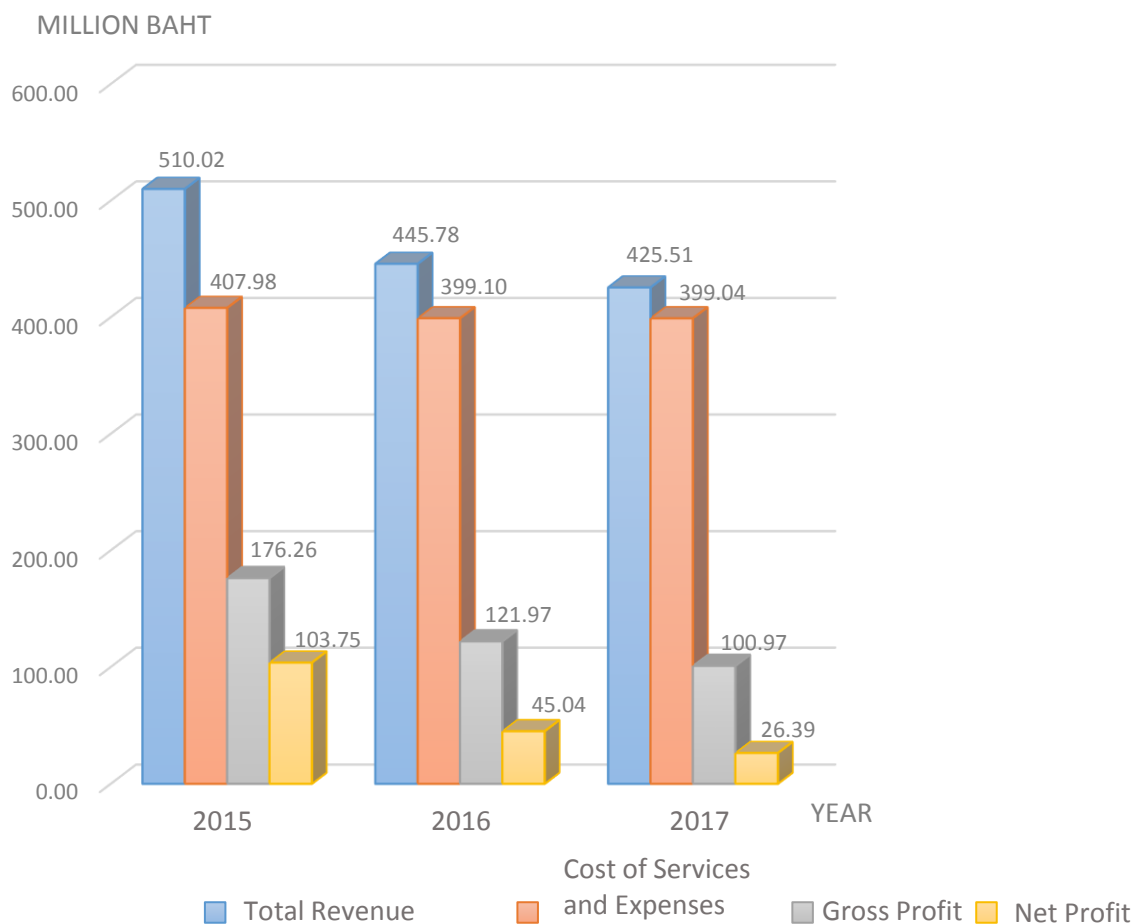
Gross Profit Ratio (%)	23.73	27.36	34.56
Net Profit Ratio (%)	6.20	10.00	20.05
Return on Equity (%)	5.91	10.00	24.02
Return on Total Asset (%)	6.04	9.73	21.23
Debt to Equity Ratio (times)	0.12	0.14	0.20

### Earnings Per Share

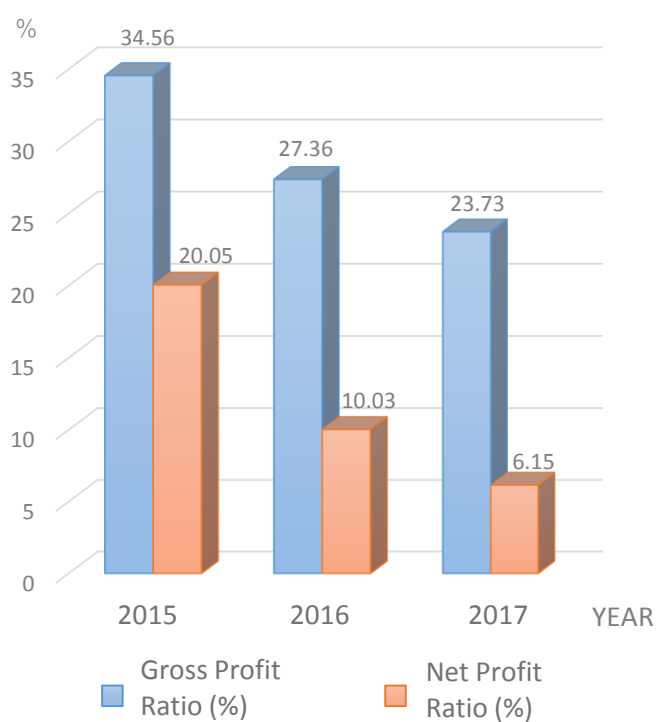
Net Profit Per Share (Baht)*	0.27	0.45	1.05
Book Value Per Share (Baht)	4.56	4.50	4.54

\* Number of shares outstanding computed using  
weighted average method

## Financial Summary



## Financial Ratio





## Message from Board of Directors

Dear Shareholders,

The state of oil and gas survey and drill industry in 2017 saw a decrease in investment as the price of crude oil still lingers at lower than investment point as expected and communicated earlier. Meanwhile, oil and gas refinery industry, along with petrochemical industry and pipeline transportation industry continue to have demand for Non-Destructive Testing (NDT) and Inspection and Certification services. However, the competition in the market the company's business operates is higher and more fierce than expected especially in term of pricing. Furthermore, the recent mechanical testing service as certified by ISO/IEC 17025 which started in quarter 2 of 2017 enjoys less than expect demand from customers. Demand for testing services in Myanmar also saw a sign of slowing down similarly to Thailand. These circumstances affect the performance of the company. However, agricultural product inspection service for export that the company started in 2017 perform better than expected. The overall performance of the company for 2017 is 428.90 Million Baht, a 4.49% decrease from prior year. The net profit for 2017 is 26.39 Million Baht, a 40.79% decrease from prior year.

For 2018, as there is a plan to build and expand oil refinery operation and petrochemical in the country which is due to start in 2-3 quarter this year, along with sign of improvement for demand of testing service in Myanmar as the state had recently granted many import concessions of LPG and LNG to various big companies, it is expected that there will be more demand for testing service. However, it is also expected that the competition in this area will remain high and cause obstacle to price increase for service provide. Nonetheless, the company will maintain the policy to retain the skill and capacity of our personnel to maintain our standard of service that offers good quality, standardize, correct, and impress our customer for long-term benefits.

Moreover, the company continues its plan to expand the service to foreign countries and continue to look for more service/technique to provide. The company will also look for more opportunity to invest and expand the company's potential to other industry in order to coincide with the government's investment policy; EEC: Eastern Economic Corridor currently undergone.

Lastly, the Board of Directors and all staff would like to express our gratitude toward all our shareholders and business partner, along with stakeholders in all area for being the part that contributes to our company's strength and major support power for our company to be an organization with capacity to compete and create valuable performance and take part in overall improvement of the country.



Mr. Natee Boonparm

Chairman of the Board of Directors



Mr. Sannpat Rattakham

Chief Executive Officer

## Report of Audit Committee

Audit committee of Qualitech Public Company Limited consists of 3 company's independent directors and these directors have qualifications and component of audit committee in accordance with criteria in the notice of Security and Exchange Commission with following lists

- |                  |                |                          |
|------------------|----------------|--------------------------|
| 1. Mr. Somyos    | Jiamjirangkorn | Audit Committee Chairman |
| 2. Mr. Tinnakorn | Sidasombun     | Audit Committee          |
| 3. Mr. Somchai   | Jongsirilerd   | Audit Committee          |

In 2017, audit committee arranged 4 meetings to consider issues by discussing with the executives, internal auditors and auditors in relevant agendas and summarizing materials matter for the operation in year 2017 as follows

### 1. Financial Reports

The Committee audited quarter and annual financial reports along with adequacy of information disclosed, promptitude, compliance with financial report and accounting standards, to ensure the reports accuracy, completion and usefulness.

### 2. Internal Control Adequacy

The Committee audited the adequacy and efficiency of the internal control system by considering reports from Internal Audit Department and Adequacy of Internal Control Evaluation Report. For detected issues, the Committee has given advice and suggestions to executives for improvements.

### 3. Risk Management Adequacy

The Committee audited the risk management policy, progression of operation risk management and other operations of the Company as well as the adequacy of risk management system and internal communication. The Committee considered that the Company adequately has had risk management and assessment system.

### 4. Corporate Governance and Compliance with laws and regulations

The Committee audited and considered that the Company has followed ethics code and good corporate governance. The Company focused on operating the business with sustainable growth, social and environmental responsibilities, and anti-corruption policy.

The Company has correctly complied with laws and regulations related to the business and Stock Exchange of Thailand as well.

## 5. Connected Transaction and Conflict of Interest

The Committee audited connected transactions of the Company and its subsidiaries, and transactions which conflict of interest may occur, to ensure that the Company has operated in line with related regulations and disclosed information for transparency. The Committee did not find any significantly unusual transactions.

## 6. Consideration to appoint auditors and compensation for year 2018

The Committee considered performance of the auditors in previous year and concluded that the auditors have been independent, skillful, experienced in the Company business, and qualified as specified by Securities and Exchange Commission and Stock Exchange of Thailand.

The Committee, thus, proposed to the Company's Board of Directors for shareholders' approval to appoint D I A International Audit Co., Ltd to be the Company's auditors for fiscal year 2018 with the compensation not exceed 1,045,000 Baht. Name of the auditors are as follows;

Mrs. Suvimol Krittayakiern	CPA Registration No. 2982	or/and
Ms. Somjintana Pholhirunrat	CPA Registration No. 5599	or/and
Ms. Suphaphorn Mangjit	CPA Registration No. 8125	or/and
Mr. Nopparoeek Pissanuwong	CPA Registration No. 7764	

On behalf of Audit Committee



Mr.Somyos Chiamchirungkorn  
Chairman of the Audit Committee

## Report of The Nomination and Remuneration Committee

The Nomination and Remuneration Committee was appointed by the Company's Board of Directors on May 7, 2016 as to be in line with good corporate governance policy of the Company and Stock Exchange of Thailand. The committee is to assist the Board in area of nomination and remuneration of all directors and all executives from managing director and above level and to ensure that conducts are transparent, just, and fair to stakeholders of all area.

The Committee consists of 2 independent directors and 1 executive director. During 2017, Mr. Natee Boonporm had resigned from his position in The Nomination and Remuneration Committee and thus the Committee had appointed Mr. Somchai Jongsirilerd an independent director of the Board to take the vacant position. As such, the The Nomination and Remuneration Committee consisted of the following list.

Mr. Somyos Chiamchirungkorn	Independent Director / Chairman of the Nomination
Mr. Somchai Jongsirilerd	Independent Director / Member of the Nomination
Ms. Rashaneewan Rawirach	Independent Director / Member of the Nomination

In 2017, the Committee had convened 1 meeting, setting agenda and duty as follows.

1. Selection and nomination of candidate whose quality fits the condition to be a director replace those whose term will end.
2. Proposal to Board of Directors the appointment of 1 additional director
3. Proposal to Board of Directors the appointment of Chief Executive Officer
4. Proposal to Board of Directors the appointment of Managing Director
5. Proposal to Board of Directors the remuneration of executive directors who were not officers
6. Allocation of Board of Directors remuneration for 2017 within the budget approved by shareholder.
7. Set the 2018 remuneration for Board of Directors and Committee before proposal to Board of Directors and Shareholders for approval
8. Evaluate the performance of Board of Directors and set the remuneration accordingly
9. Set the remuneration of Chief Executive Officer that is fair for the responsibility and performance of the company, comparing to other leading company.
10. Revision of The Nomination and Remuneration Committee's Charter to match the adjustment of company's restructure. The Nomination and Remuneration Committee had followed its charter strictly and take the best benefit of the organization as priority.

On behalf of The nomination and remuneration committee



Mr. Somyos Chiamchirungkorn

Chairman of The nomination and remuneration committee

## Board of Directors



1. Mr. Natee Boonparm  
Chairman/Independent Director



2. Mr. Somyos Chiamchirungkorn  
Chairman of the Audit Committee / Independent Director /  
Chairman of the Nomination and Remuneration Committee



3. Mr. Sannpat Rattakham  
Director / Executive Director / Chief Executive Officer



4. Mr. Sumet Techachainiran  
Director / Executive Director / Assistant Chief Executive Officer



5. Ms. Rashaneewan Rawirach  
Director / Executive Director /  
Member of the Nomination and Remuneration Committee



6. Mr. Somchaan Lubtikultham  
Director

## Board of Directors



7. Mrs. Maneerat Rattakham  
Director / The Company's Secretary



8. Mr. Tinakorn Seedasomboon  
Member of Audit Committee / Independent Director



9. Mr. Somchai Jongsirilerd  
Member of Audit Committee / Independent Director /  
Member of the Nomination and Remuneration Committee



10. Mr. Domdej Sripinproach  
Director / Executive Director / Managing Director

## Nature of Business

### • Company Data •

#### Location and Branch

Company Name	Qualitech Public Company Limited.
Registered Capital	103.47 million Baht with 98.57 million Baht paid up
Type of Business	Non-Destructive Testing, Inspection & Certification and Mechanical Test
Company's registration No.	0107550000220
Website	<a href="http://www.qualitechplc.com">www.qualitechplc.com</a>

Head Office 21/3 Banplong Road, Maptaphut,  
Mueang, Rayong 21150  
Tel. (+66) 3869-1408 to 10 Fax. (+66) 3869-2028



Branch Office (1) 1/37 Moo 1, Nongchak,  
Banbueng, Chonburi 20170  
Tel. (+66) 3810-9651 to 2 Fax. (+66) 3810-9653



Branch Office (2)      50, Soi Pattanakarn 57,  
Prawet, Bangkok 10250  
Tel. (+66) 2116-9294  
Fax. (+66) 2722-1132



Branch Office (3)      83/50 Moo 10, Nongkham,  
Si Racha, Chonburi 20230  
Tel. (+66) 3300-5161 to 3   Fax. (+66) 3300-5164



Registrar      The Thailand Securities Depository Co., Ltd.  
The Stock Exchange of Thailand Building 14th Floor, Tower A,  
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400  
Tel. (+66) 2009-9378   Fax. (+66) 2009-9476

Authorized Auditor      Mrs. Suvimol Krittayakiern  
CPA Registration No. 2982  
D I A International Audit Co., Ltd  
316/32 Soi Sukumvit 22, Sukumvit Road,  
Klongtoey District, Bangkok 10110  
Tel. (+66) 2259-5300   Fax. (+66) 2260-1553



## Overview of business

Qualitech Plc. Operates the business as an independent third party engineering services provider i.e. testing and giving engineering advices to meet the international standards, for various organizations on the purpose of inspection or quality assessment in accordance with the international standards as specified by the clients. The Company's of engineering services can be divided into 3 parts:

**1. Non-Destructive Testing** means the method of finding defects or malfunctions in the object without causing any damage to them. It includes radiography, ultrasonic, magnetic particle, dye and liquid penetrant test, and other advanced tests.

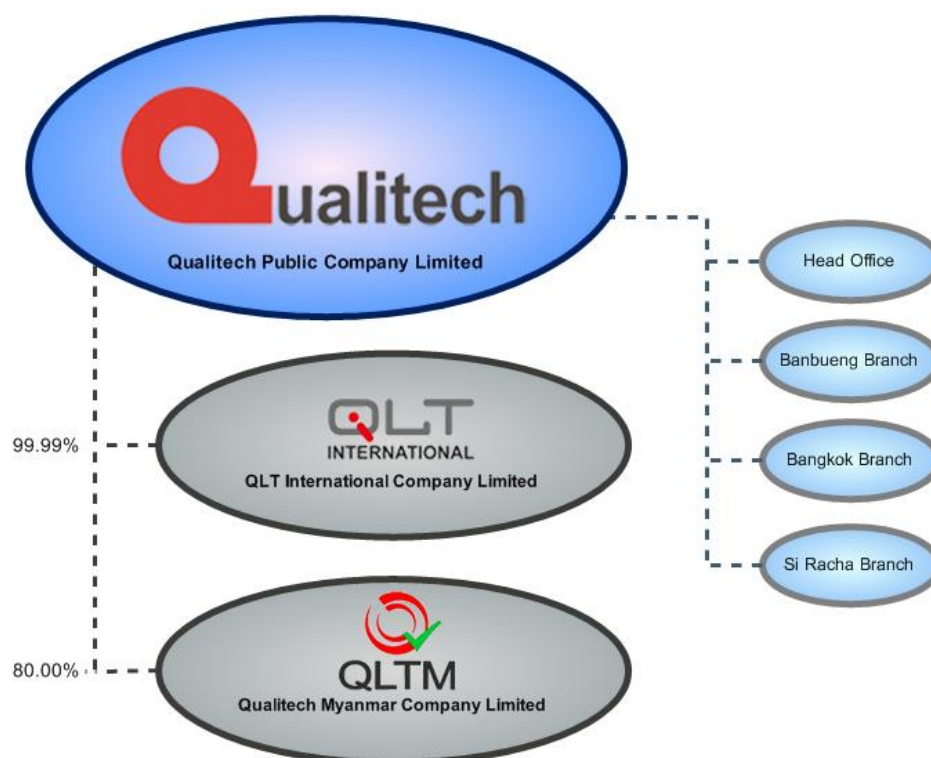
**2. Inspection and Certification** is a continuous or add-on process from the Non-Destructive Testing by using different testing methods, including non-destructive testing, to inspect objects and evaluate as well as issuing reports certifying the serviceability of the tested samples with a conclusion to ensure the suitability for usage. Inspection and certification includes, for instance, inspection and certification pursuant to the laws for LPG and NGV tanks, piping, boilers, fixed tanks oil storage tanks, and fuel & chemical transportation tanks.

**3. Mechanical Test** is a test that determines the physical and chemical property of materials such as tenacity against stress, pressure, acute force insertion, metal particle structure, and chemical components which affect the key property of the metal in term of strength and deterioration.

The Company provides services to both domestic and foreign clients. The Company's main clients are businesses in the energy industry and petrochemical such as power plants, oil refineries, petrochemical plants, gas separation plants, gas filling plants and plants for manufacturing and installing machinery equipment; as well as users of tanks, machinery, equipment which must be inspected in accordance with the law to ensure safety such as boilers, cranes, dangerous gas tanks and high pressure tanks.

The clients for non-destructive testing, inspection and certification and those of mechanical test can be distinguished. 90 per cent of the non-destructive testing clients belong to a group of project contractors which the Company is their subcontractors for NDT service. For inspection and certification, 70 percent of customer is a direct owner of the project who regularly run annual factory test, during major maintenance, and inspection and certification to comply with the regulations. The customer group for mechanic testing are equally both project contractors and project owner.

## Shareholding Structure of the Company and Affiliates



### Subsidiaries

Qualitech has 2 subsidiaries as follows

#### 1. QLT International Co., Ltd. (QLTI)

Qualitech Plc. holds 99.99 per cent of QLTI which has registered and paid up capital amount of 10,250,000 Baht, and operates in both domestic and international engineering service, testing and inspection of agricultural products, and other related businesses.

#### 2. Qualitech Myanmar Co., Ltd. (QLTM)

Qualitech Plc. holds 80 per cent of shares. QLTM has registered and paid-up capital of 50,000 USD, operating in safety engineering service in Myanmar altogether with other related businesses.

## Revenue Structure

Unit: Million Baht

			2017		2016		2015	
Type of Work	Operated by	Percentage of Shareholding of company	Amount	%	Amount	%	Amount	%
Non-Destructive Testing	QLT	100%						
	QLTI	99.99%	146.45	34.15	175.95	39.18	285.92	55.26
	QLTM	80%						
Inspection and Certification	QLT	100%						
	QLTI	99.99%	279.05	65.06	269.83	60.09	224.10	43.31
	QLTM	80%						
Others	QLT	100%						
	QLTI	99.99%	3.40	0.79	3.29	0.73	7.41	1.43
	QLTM	80%						
Total			428.90	100.00	449.07	100.00	517.43	100.00

## Risk Factors

### 1. The risk in payment collection from customers

The Company's customers can be classified into two major groups. The first one is the manufacturing owners (users); such as PTT, Chevron, ESSO, etc; in which they hold the Company is revenue around 50% and have no payment or credit problems. Another is the group of contractors. The customers in this group hold the Company is revenue around 40%. Normally, in a large project, like oil refinery construction and gas pipeline installation, the project owner will contract a major or main contractor to carry out the project. Qualitech Plc. is a subcontractor for the part of engineering testing and inspection. In case where the main contractor did not complete the project, the Company could not therefore collect payment or the payment from the project owner would be overdue thus adversely affecting the Company's operation.

#### *Risk Prevention and Reduction*

The Company has formulated a plan to mitigate the risk of default on payment in the future by carefully credit-assessing its clients. This is done through analysis of financial positions, assessing the sufficiency of registered capital compared with the size of the project to be undertaken, as well as considering debt payment history by asking for information from the relevant parties. Moreover, the Company Classifies grades of its debtors quarterly. Should there be any indication of delayed payment, the Company might ask the contractor to issue a letter to the project owner transferring contractor's debt directly to the project owner, the Company might suspend the provision of services until the arrears are paid, or the Company might proceed by other means as it sees as appropriate.

### 2. Personnel risk

The Company's business is provision of services which requires specific knowledge and expertise in inspection and engineering. Therefore, the Company depends on having staffs with knowledge, expertise, testing skills and can accurately interpret test results. This is because a small error could lead to catastrophic damages to lives and properties. The employee turnover or staff's incompetence would adversely affect the Company.

#### *Risk Prevention and Reduction*

The Company puts personnel development as its first priority, with a policy of staff's knowledge development through domestic and overseas trainings. This includes a plan for a in-house training unit to train the staff using a curriculum which directly concerns non-destructive testing and other relevant curricula, such

as safety in the workplace. The Company has a strict staff selection policy to acquire qualified staffs which would enhance the Company's credibility and image. That being said, the Company has continuously been able to find and develop its personnel so that newly recruited staff has adequate knowledge and skills to replace those leaving the Company. At present, the Company has a sufficient number of staffs to provide its services and is constantly developing its personnel to support future expansion.

In addition, the Company has a policy of retaining skilled staff with remuneration at the rate of no less than the average rate in the same industry, and also providing health insurance and setting up a provident fund as the employees' benefits. The Company grants scholarships for the relevant fields of work. The Company expects that the aforesaid policy would be able to retain its staffs.

### 3. Risk from service warranty

In providing the services on non-destructive testing, there will be reports on the test results in accordance with the international standard as well as evidence or supporting data like x-ray film for inspection by radiography. It is a report detailing the qualification or flaw thereof of the test subject comparing to the standard provided by the customer's or the state. It is not a guarantee that the test subject is in good condition to use. Therefore, the Company does not bear the risk, in certifying, for the damage that may arise from the tested sample in the future. However, for inspection and certification services, the Company does inspect and certify serviceability of the sample tested by referring to the result of the non-destructive testing. Thus, there is a risk in case the sample certified by the Company caused damages and there was evidence of assessment errors. The Company might have to bear the responsibility for such damages.

#### *Risk Prevention and Reduction*

The Company has a third-party insurance against damages resulting from accident with liability coverage of 100 million Baht. Moreover, for each inspection and certification, the Company uses the staff with expertise and proceeds with caution and scrupulousness in line with the professional standards. The Company always assesses the satisfaction of individual client on the quality of works, quality of services, safety standards and others. So far, the Company has not received any complaint. The Company is thus confident that the risk from certifying the work is a manageable. Additionally, in the past, the Company has never conducted mistake and that the Company was never responsible for damage caused by work affirmation.

### 4. Risk from international competitors following trade and engineering services liberalization

Trade liberalization policy including engineering services liberalization has opened up opportunities for competitors which are transnational companies to offer their non-destructive testing service to companies in Thailand. These transnational companies normally provide advanced non-destructive testing (NDT) service

and charge substantially higher than Thai companies. The management thinks that entry into the market of transnational companies is beneficial for making advanced NDT better known and more widespread than now.

#### *Risk Prevention and Reduction*

The company continues to search for and develop new technology in testing and inspection to add value to our collection of service for customers. The company also adjust by becoming partner with foreign company who are expert in Advanced NDT in order to jointly provide the best service for our customer. By doing so, the Company will be better known and can learn about the technology from its ally. This would prepare the Company for increasing competition in the future.

### 5. Financial Risk

Since the company has neither short term nor long term loan, the risk from interest rate fluctuation is very limited. In addition, business partners have strong financial stability. Consequently, financial risk of the company is not one of the concerns.

### 6. Currency Exchange Rate Risk

The company rarely purchase equipment and consumables abroad. Thus this risk is apparently narrow.

### 7. Risk from Industrial and Competitive Environment

Since the Company is a safety engineering service provider in oil and gas, petrochemical and steel fabrication sectors. During 2015 to 2016, the reduction in global oil price has been negatively impacted oil and gas exploration and production industry which led to lower demand of the Company's service and more intense competition. To maintain customer base and competitiveness, the Company had to slightly cut the service price which consequently affected the Company's financial performance.

For the competition in the market, although the number of competitors is increasing, but the company keeps maintaining customer base by strictly perform services in accordance with our core value.

#### *Risk Prevention and Minimization*

1. Maintain loyal customer base by using price strategy
2. Expand customer pool in other industry such as petrochemical and Power station plant.
3. Develop the organization to meet international standards
4. Develop the personnel in accordance with European standards to enhance service variety

## 8. Consumables Risk

The company procures consumables through numerous domestic suppliers, which minimizes the risk from bargaining power of suppliers. Also, operation planning in advance has been applied to prevent consumables scarcity.

## 9. Risk from Changes of Government Policies, Standards and Regulations Related to the Company

Changing of Government policies, standards and regulation has significant effect on the Company operation, growth and business strategy. The following policies are possibly created such risks

### 1. Delay in auction Petroleum Exploration Concession in Gulf of Thailand.

Previously, the government had put paused to the bidding for Petroleum survey in the Gulf of Thailand. In 2018 however, there is a tendency that the government will announce the bidding for petroleum survey and in order to continue the operation, the government will speed an additional bidding for more survey project, leading to increasing demand for NDT.

### 2. Power Station in Southern Thailand and Middle-size and Small-size Power Station Project

The demand of electricity in Southern part of Thailand is increasing and The Electricity Generating Authority of Thailand (EGAT) has forecasted of shortage soon. Thus, there is a plan to construct Coal-powered Power Station in the south of Thailand, including the large number of Middle-size and Small-size Power Stations. This also led to increasing demand for NDT during the construction and maintenance process.

### 3. Nuclear Energy for Peace Act, B.E. 2559

One of the service which the Company provided is radiographic test and using radioactive material. The import and export, registration system of radioactive material are governed by Office of Atoms for Peace. At present The Nuclear Energy for Peace Act, Effective in B.E.2561 has enforced and the Authority will issue more regulations to compile with. These regulations has tendency to create more operating cost to the Company as well.

## Structure of Shareholding and Management

### Company Securities

The Company has a registered capital of 103.47 million baht as 98.57 million shares of common stocks, with a par value of 1 baht per share. It has common stocks which were issued and paid-up for 98.57 million baht, consisting of 98.57 million shares of common stocks.

### Shareholding Structure

Rank	Name of Shareholders	December 31, 2017	
		No. of Shares	Percentage
1	Mr. Sannpat Rattakham Group <sup>1</sup>	22,230,660	22.55
2	Mr. Somchaan Lubtikultham Group <sup>2</sup>	19,098,335	19.38
3	Mr. Thawatchai Lipithorn Group <sup>3</sup>	12,213,220	12.39
4	Mr. Suthisan Sirichanthorndirok Group <sup>4</sup>	7,406,815	7.51
5	NORTRUST NOMINEES LTD - CLAC	4,217,500	4.28
6	Ms. Wimol Saetiao	3,675,000	3.73
7	Mr. Sumet Techachainiran <sup>5</sup>	3,447,555	3.50
8	BNY MELLON NOMINEES LIMITED	3,073,163	3.12
9	Ms. Rashaneewan Rawirach	1,680,000	1.70
10	Mrs. Piyada Khunshongkiat	1,519,700	1.54
Total top ten major shareholders		78,561,948	79.70
Total no. of shares		98,568,485	100.00

Remark :

<sup>1</sup>Mr. Sannpat Rattakham Group:

Name	No. of shares	% of paid-up shares capital
Mr. Sannpat Rattakham	17,840,000	18.10
Ms. Yanakorn Rattakham	4,340,000	4.40
Mrs. Maneerat Rattakham	35,910	0.04
Ms. Pranee Rattakham	14,650	0.01
Mr. Komjek Rattakham	100	0.00
Total	22,230,660	22.55



<sup>2</sup> Mr. Somchaan Lubtikultham Group:

Name	No. of shares	% of paid-up shares capital
Mr. Somchaan Lubtikultham	10,027,500	10.17
Ms. Monchaya Lubtikultham	4,660,835	4.74
Ms. Monsicha Lubtikultham	4,410,000	4.47
<b>Total</b>	<b>19,098,335</b>	<b>19.38</b>

<sup>3</sup> Mr. Thawatchai Lipithorn Group:

Name	No. of shares	% of paid-up shares capital
Mr. Thawatchai Lipithorn	4,719,520	4.79
Mrs. Kamolnan Lipithorn	3,864,500	3.92
Ms. Nuannapa Lipithorn	3,629,200	3.68
<b>Total</b>	<b>12,213,220</b>	<b>12.39</b>

<sup>4</sup> Mr. Suthisan Sirichanthorndirok Group:

Name	No. of shares	% of paid-up shares capital
Mr. Suthisan Sirichanthorndirok	4,042,500	4.10
Mr. Yutthachai Sirichanthorndirok	3,364,315	3.41
<b>Total</b>	<b>7,406,815</b>	<b>7.51</b>

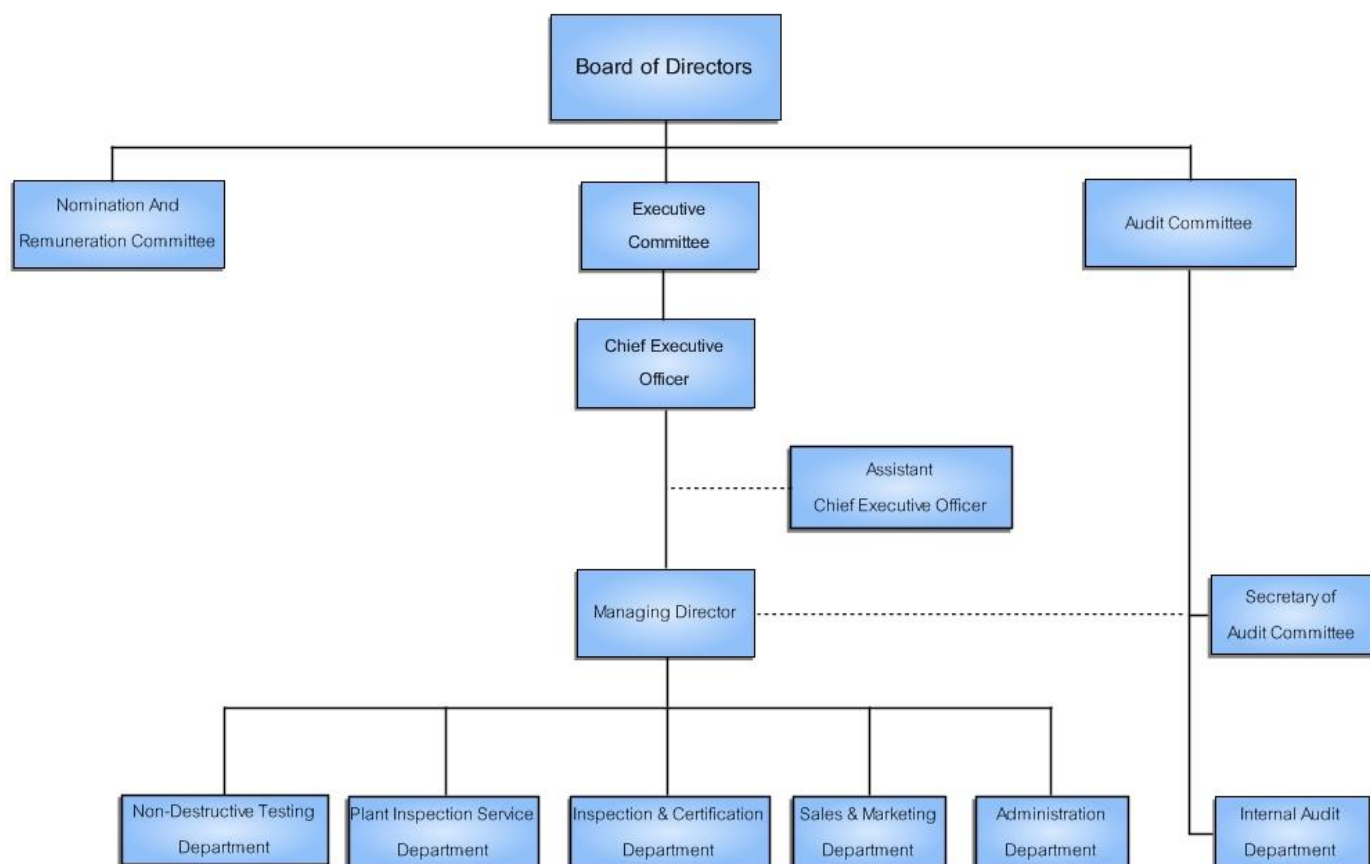
<sup>5</sup> Mr. Sumet Techachainiran Group:

Name	No. of shares	% of paid-up shares capital
Mr. Sumet Techachainiran	2,647,555	2.69
Ms. Nattacha Techachainiran	800,000	0.81
<b>Total</b>	<b>3,447,555</b>	<b>3.50</b>

**Policy on Payment of Dividends**

The Company has a policy to pay dividends to the shareholders at the rate not less than 40 percent of net profit after deducting capital gains tax of juristic person and reserves under the law. However, the Company may require the payment of dividends at the lower rate than the abovementioned rate if it is necessary for the Company to use such net profit to further expand its business.

## Qualitech Public Company Limited



## Management Structure

## Board of Director, 2017

Rank	Name	Position	Education Qualification	Training on the functions and skills of director
1	Mr. Natee Boonparm	Chairman Independent Director	Master degree	DAP
2	Mr. Somyos Chiamchirungkorn	Independent Director / Chairman of the Audit Committee / Chairman of The nomination and remuneration committee	Master degree	DCP
3	Mr. Tinakorn Seedasomboon	Independent Director / Member of the Audit Committee	Master degree	DAP,DCP,ACP
4	Mr. Somchai Jongsirilerd	Independent Director Member of the Audit Committee / The nomination and remuneration committee	Master degree	DAP
5	Mr. Sannpat Rattakham	Director / Executive Director	Master degree	DAP
6	Mr. Sumet Techachainiran	Director / Executive Director	Master degree	DAP
7	Ms. Rashaneewan Rawirach	Director / Executive Director / The nomination and remuneration committee	Master degree	DAP
8	Mr. Somchaan Lubtikultham	Director	Master degree	DAP
9	Mrs. Maneerat Rattakham	Director / The company's secretary	Bachelor degree	DAP
10	Mr. Domdej Sripinproach	Director / Executive Director	Master degree	DAP

## Authorized directors on behalf of the Company:

Rank	Name	Position
1.	Mr. Sannpat Rattakham	Chief Executive Officer
2.	Mr. Sumet Techachainiran	Assistant Chief Executive Officer
3.	Mr. Domdej Sripinproach	Managing Director
4.	Ms.Rashaneewan Rawirach	Executive Director

Number or name of directors authorized to affix signature and be binding the company are:  
 Mr. Sannpat Rattakham and Mr. Sumet Techachainiran who may affix signature with the company seal affixed.  
 or Mr. Sannpat Rattakham or Mr. Sumet Techachainiran One director to affix signature with  
 Ms. Raschaneewan Rawirach or Mr. Domdej Sripinproach , whereby, two of three directors with the company  
 seal affixed.

#### Term of office of directors:

At the Annual General Meeting each year, one-third of all the directors must resign. If the number is not a multiple of three, then the number nearest to one-third must resign. In the first and second year after the company registration, the retiring directors will be selected by drawing lots. In the following years, the most senior directors must resign. The resigned directors may be re-elected.

#### Scope of duties and responsibilities of the Board of Directors:

The Board has the powers, duties and responsibilities in managing the Company in accordance with the laws, objectives and regulations of the Company with morality and Stakeholders benefits. The main powers, duties and responsibilities of the Board are as follows:

1. convene a shareholders' meeting – annual general meeting – within 4 months after the last date of the Company's accounting period;
2. convene a meeting of the Board of Directors at least 3 times a month;
3. prepare the Company's statement of financial position and statement of comprehensive income at the end of the Company's accounting period. The statements will be audited by the auditor and submitted to the shareholders' meeting for consideration and approval;
4. may authorize one or several directors or other person to act on behalf of the Board by being under the supervision of the Board; or authorize that person to have certain authorities within the period that Board deems appropriate. The Board may annul, revoke, modify or change the designation or the scope of authorization when it deems appropriate. Moreover, the Board may authorize the Executive Committee to act with the details of the authorization in accordance with the scope of authorization and duties of the Executive Committee, given that such authorization must not constitute an authorization to the Executive Committee or any authorized person to consider and approve the items in which the Board of Directors, the authorized person, concerned person or interested person have conflict of interests with the Company or its subsidiary; except that such authorization was approved according to the policy and criteria that the Board has considered and approved, which must be in accordance with the law;
5. determine the Company's goals, roadmaps, policies, work plans and budgets; control and supervise the management of the Executive Committee ensuring that it is in line with the given

policies except for matters which the law requires that approval from the shareholders' meeting must be sought first, for instance capitalization, capital reduction, sale and ownership transfer of the Company in its entirety or its significant part to other party, purchase or ownership acquisition of other company by the Company, modifying the articles of association or regulation. Moreover, the Board has within its scope of duties to supervise the Company ensuring compliance with the laws on securities and stock exchange. The regulations of the stock exchange concern, for instance, connected transaction, purchase or sale of important assets pursuant to the regulations of the Stock Exchange of Thailand or the law relating to the Company's business;

6. consider the management structure, appoint the Executive Committee, managing director and other directors as deemed appropriate;
7. follow-up on the overall operation ensuring that it continuously goes according to the work plan and budgets;
8. a director must not operate a business of the same type as the Company's or is in competition with the Company; or is a partner in a general partnership, or is a general partner in a limited partnership, or is a director of a private company or other company of the same type as the Company's or is in competition with the Company, whether it is done for his/her or other party's benefits. The exception is when the shareholders' meeting had been informed prior to his/her appointment;
9. a director must promptly inform the Company if he/she had interest, whether directly or indirectly, in a Company's contract; or if the holding of shares or other properties of the Company or its affiliated company were increased or reduced;
10. be responsible for consider and approval policy and efficient procedure of anti-corruption to acknowledge employees.

#### [Audit committee](#)

The Company's Audit Committee comprises of 3 directors as follows

Rank	Name	Position
1.	Mr. Somyos Chiamchirungkorn	Chairman
2.	Mr. Somchai Jongsirilerd	Member
3.	Mr. Tinakorn Seedasomboon	Member of which have sufficient knowledge in accounting to review the reliability of the financial statement.

With Mrs. Wimol Saephung performs as Secretary to the Audit Committee

**Term of office of audit committee member:**

Audit committee chairman and members have a 3-year term. In case where an audit committee member resigns before the term expires, a replacement member will serve until the remaining term of the resigned member expires.

**Qualifications of audit committee member:**

Audit committee of the Company is independent according to the definition of independence of an independent director:

1. holds shares not exceeding than 1 per cent of the total shares with voting right of the Company, its parent company, subsidiaries, associates, or juristic persons that may have a conflict of interests, provided that the shares held by the related parties of such independent director shall be included;
2. is not a director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, or juristic persons that may have a conflict of interests (presently and 2 years before taking office);
3. is not the person who has relationship by blood or affinity as father, mother, spouse, sibling, and child, as well as spouse of a child of management, 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 subsidiary;
4. has no business relationship with the Company, its parent company, subsidiaries, associates, or juristic persons that may have conflict of interests, which may obstruct of the independent judgment, including not being the major shareholder, non-independent director or management, of any person having business relationship with the Company, its parent company, subsidiaries, associates, or juristic persons that may have conflict of interests;
5. is not the auditor of the Company, its parent company, subsidiaries, associates, or juristic persons that may have a conflict of interests, which may obstruct of the independent judgment, and is not the major shareholder;
6. non-independent director or management of any person having business relationship with the Company, its parent company, subsidiaries, associates, or juristic persons that may have conflict of interests;
7. is not the professional service provider, including legal service or financial advisor that receives service fee of more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, or juristic persons that may have a conflict of interests, and is not the major shareholder, non-independent director, management or managing partner of the professional service provider;

8. is not the director who is nominated to be the representative of the Company's Board of Directors, major shareholders, or any other shareholder related to the major shareholders;
9. is not any otherwise which renders him/her unable to have independent opinion;
10. is not the director who is assigned by the Company's Board of Directors to make decision in operating the Company, its parent company, subsidiaries, associates, same-level subsidiaries, or juristic persons that may have a conflict of interests, and is not a director of a registered company which is a parent company, subsidiary, associate or same-level subsidiary;
11. has the duties of the nature as stipulated in the Notification of the Stock Exchange of Thailand on the qualifications and scope of work of the audit committee.

#### Terms of reference and responsibilities of the Audit Committee:

Terms of reference of the Audit Committee:

1. verify that the Company accurately and adequately report on its quarter and annual financial statements by coordinating with the external auditor and management responsible for financial statement. The Audit Committee may propose that the auditor verify or audit any item deemed necessary and important during the Company's auditing;
2. verify that the Company has proper and effective internal control and internal audit system;
3. verify that the Company conforms with laws regarding securities and stock exchange, regulations of the stock exchange, or laws regarding businesses of the Company;
4. consider, select, propose an appointment, and propose remuneration to auditors of the Company;
5. consider accurately and completely disclosing the Company's information in case of connected transactions or items related to conflict of interests;
6. prepare an auditing report of the Audit Committee for disclosure in the annual report of the Company which must be signed by the Audit Committee Chairman;
7. conduct any other works as assigned by the Board of Directors with consent from the Audit Committee;
8. report the work of the Audit Committee to the Board of Directors at least every 3 months;
9. be empowered to audit and investigate on certain matters, as necessary, including seeking other independent professional opinions when deemed necessary, using the Company's expenses, in order to perform its duties and responsibilities successfully;
10. Control policies and procedures against corruption to ensure that the company complies with laws and ethic code.

### Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee comprises of 3 directors as follows

Rank	Name	Position
1.	Mr. Somyos Chiamchirungkorn	Chairman
2.	Mr. Somchai Jongsirilerd	Member of the Committee
3.	Ms. Rashaneewan Rawirach	Member of the Committee

With Mrs. Wimol Saephung performs as Secretary to the Nomination and Remuneration Committee

### Term of office of the Committee

1. The Board of Directors appoints The Nomination and Remuneration Committee who will remain in office for 3 years term and is eligible for reinstatement after the term has ended.
2. In the event that The Nomination and Remuneration Committee reached their term but the Board of Directors had not appointed the new Nomination and Remuneration Committee, the existing committee shall resume their duty until the new set of committee is appointed to replace the terminating committee. Albeit, the appointment must take place within 3 months after the date the term had ended.
3. In the event that a position in The Nomination and Remuneration Committee had become vacant before the end of term, the Board may appoint a person who is qualified to take a position in the Committee. The replacing person will take office up to the original term of the person he replaced.
4. The Committee will be removed from office on the occasion that:
  - (A) The term is expired
  - (B) Resign
  - (C) Dead
  - (D) The board deems fit the person be removed from the office.
  - (E) The person is no longer the director of company
5. The Nomination and Remuneration Committee may resign prior to the end of their term by notifying the company at least 1 month in advance.

### Qualifications of the Committee

1. Be the Company's director
2. Able to devote enough time and ability to work for the company at their full capacity.
3. Be just and fair in the search and selection of the person who is suitable for each position.



### Scopes and Responsibilities of the Committee

1. Set the qualification for the position of Board of Directors and the position of Managing Director and above.
2. Set the regulations and methods for search and selection of the Board of Directors and the position of Managing Director and above.
3. Selection and proposal of company's director candidate to the Board of Directors or Shareholder's Meeting for approval. For Managing Director position and above, refer to Board of Directors for appointment.
4. Set the regulation for remuneration of Board of Directors and the position of Managing Director and above.
5. Set the annual remuneration for the Board of Directors and propose to the Board for endorsement and Shareholder's Meeting for approval.
6. Allocate annual bonus for the Board of Directors after the Shareholder's approval and report to Board of Directors.
7. Evaluate the performance of the Managing Director to set the annual remuneration and set the annual remuneration for CEO and report to the Board of Directors.
8. Create a report of their performance and submit to the Board of Directors at least once a year.
9. Review and revise the Committee's Charter and propose to the Board of Directors for approval.

### Executive committees

The Company's executive committee comprises 4 members:

Rank	Name	Position
1.	Mr. Sannpat Rattakham	Chief Executive Officer
2.	Mr. Sumet Techachainiran	Assistant Chief Executive Officer
3.	Mr. Domdej Sripinproach	Managing Director
4.	Ms. Rashaneewan Rawirach	Executive Director

### Terms of reference and responsibilities of the executive committee:

The Executive Committee has the powers, duties and responsibilities in overseeing the Company's normal operation and management, determining policies, business plans, budgets, management structure and various management powers of the Company, as well as criteria in operating the business in light of the economic conditions, which will be submitted to the meeting of the Board of Directors for its consideration and approval and/or consent; together with inspection of and follow-up on the result of the Company's operation according to the specified policies. The main duties and responsibilities are as follows:

1. operate and manage the Company's operation according to the objectives, regulations, policies, rules, requirements, orders and decisions of the Board of Directors and/or the decisions of the shareholders' meeting;
2. consider determining policies, directions and strategies of the Company's operation; determining financial budgetary plans, human resources management, investment, business expansion, public relations according to the framework approved by the Board of Directors; and supervise the performance of appointed working group, ensuring that it meets the set goals;
3. consider annual budget allocation as proposed by the managing unit, before submitting to the Board of Directors for consideration and approval, including consider and approve the modification and addition of annual expense budget while there is no meeting of the Board of Directors and submit it to the Board of Directors for approval or confirmation at the next meeting;
4. approve payment of the Company for purchasing raw materials in its normal business within the 50 million baht limit (fifty million baht only);
5. approve payment of the Company for purchasing equipment and fixed assets for normal operation within the 20 million baht limit (twenty million baht only);
6. approve the Company's sale and provision of services in its normal business such as approval for sale of merchandise and conclusion of hire contract in its normal business, within the 150 million baht limit (one hundred and fifty million baht only);
7. approve opening/closing of all types of deposit accounts with banks or financial institutions, and determine the conditions for money withdrawal or legal transactions of that deposit account;
8. approve on decision to get a loan or line of credit, to issue debt securities, to get an overdraft or other type of loan from a bank or financial institution or ordinary person, in its normal business, within the 50 million baht limit (fifty million baht only), including asking the bank to issue a letter of guarantee for the benefit of the Company's operation, within the 150 million baht limit (one hundred and fifty million baht only);
9. approve on decision to mortgage or place as collateral the Company's assets for the purpose of guaranteeing existing or future debts of the Company, within the 20 million baht limit (twenty million baht only);
10. approve on decision to buy and sell investment units, open-end government bonds fund or money market fund by submitting to the Board of Directors for their information in the next meeting;
11. approve payment for major investment stipulated in the annual expense budget, as authorized by the Board of Directors or as the Board of Directors has approved in principle;
12. act as advisory committee for the management unit on policies concerning finance, marketing,

personnel management and other operations;

13. determine the organizational structure and organizational management power, including appointment, hiring, dismissal, transfer, determining wages, remunerations and bonuses for employees and executives;
14. have the power to authorize one or several members of the Executive Committee or other person to perform certain acts, by being under the supervision of the Executive Committee; or authorize that person to have certain authorities within the period that the Executive Committee deems appropriate, which the Executive Committee may annul, revoke, modify or change the designation or the scope of authorization as it deems appropriate;
15. acquire shares or invest in other companies with financial amount not exceed 5 million Baht;
16. approve loans to subsidiaries will financial amount not exceed 5 million Baht;
17. perform other functions as assigned on a case-by-case basis by the Board of Directors.
18. Determine supportive system for anti corruption policy to be able to communicate to all relevant units, and consider and revise systems and procedures to be in line with the business, laws and regulations.

The Executive Committee must not consider and approve items that it has interests in, or has conflict of interests with other company or its subsidiary, except where it is an approval of items in accordance with the policies and criteria considered and approved by the Board of Directors or the shareholders' meeting, and is in accordance with the law. The Board of Directors may annul, revoke, modify or change the authority of the Executive Committee by decision of the Board of Directors.

Moreover, the Executive Committee may authorize the Chief Executive Officer or the Company's staff to act, in accordance with the criteria that the Executive Committee has considered and approved. However, the authorization must not constitute an authorization for a person related with, having interests in or conflict of interests with other company or its subsidiary.

#### Terms of Reference and Responsibilities of the Chief Executive Officer

1. Supervise and approve company's usual operation while delegate to Managing Director, Executive, and others to take care of daily operation of the company. To act for Managing Director in some specific instant under the responsibility of the CEO in the time that he sees fit whereas the CEO may cancel, revoke, or amend those powers.
2. Operate the company in accordance with the policy, plan, and budget approved by the Board of Directors and/or Committee
3. Be the authorized person of the company to carry out the company's business in accordance with the objectives, regulations, policy, and announcement, resolution of the shareholder's meeting and/or the resolution of the Board's or Committee's meeting.
4. Has the power to sub-authorize or appoint others to carry specific task. Such sub-authorization

or appointment shall be under the scope of authorization or regulations and rules or order by the Board or Company.

5. Track and evaluate company's performance regularly to prevent risk from multiple factors, internal or external.
6. Considering company's business contract and other contract beneficial to the company's business. Setting methods and process for the making of such contract and propose to board of Directors or Committee.
7. Approval for budget spending on company's regular purchase for business operation, raw material with bill purchase value less than 30 Million Baht (Thirty Million Baht Only), and procurement of tools, equipment, or permanent property use for operation with bill purchase value less than 10 Million Baht (Ten Million Baht Only).
8. Approval of sale and service provision in company's regular business such as approval of sale of goods, enter into contract, accepting business order for the bill value not exceeding 100 Million Baht (One Hundred Million Baht Only).
9. Allocation of bonus and rewards as approved by the Board of Directors to the employee of the company or other party conducting business for the company.
10. Set organization structure, organization administration, the appointment and employment, dismissal, transfer, and remuneration and bonus of employee in executive position.
11. Authorized to approve the loan not exceeding 2 Million Baht (Two Million Baht Only).
12. Authorized to conduct and perform to complete above tasks.
13. Authorized to sign and certify various relevant documents.
14. Conduct and perform other duty assigned by the Board of Directors or Committee as the case may be.

#### Terms of Reference and Responsibilities of the Managing Director

1. supervise operation and/or manage day-to-day work of the Company;
2. implement or carry out work in accordance with policy, plan and budget approved by the Board of Directors and/or Executive Committee of the Company;
3. act as an authorized person of the Company in managing Company's business to fully comply with objectives, articles of association, policies, regulations, rules, orders, decisions of shareholders' meeting and/or decisions of the Board of Directors and/or Executive Committee;
4. entrusted with power to authorize and/or designate any person to carry out specific task on his behalf. Such authorisation and/or designation shall be within the scope of the power entrusted and/or shall be in accordance with regulations, rules or orders stipulated by the Board of Directors and/or the Company;

5. regularly follow up and evaluate performance of the Company in order to reduce any risk of the Company caused by internal and external factors;
6. consider concluding contracts related to Company's business and other contracts benefiting Company's business, including formulating procedures and methods for the conclusion of such contracts to be submitted before the Executive Committee or the Chief Executive Officer;
7. approve payment of Company's purchase in its normal business, whereas the purchase value of raw material per instance is less than 10 Million Baht (Ten Million Baht Only) and 5 Million Baht (Five Million Baht Only) for permanent property or tools and equipment;
8. Approval for normal business sale and service provision such as approving the sale of merchandises and approving the conclusion of hire contracts in normal business within the 50 million baht limit (fifty million baht only);
9. consider the allocation of emoluments, rewarded money or other remunerations as approved by the Board of Directors to staff, employees of the Company or to persons conducting business for the Company;
10. authorized to hire, assign and appoint as well as transfer staff to different chain/division/department, or to dismiss, determine wages, remunerations, bonus, welfare relating to all staff of the Company except for senior executives;
11. authorized to issue order, regulation, notification and memorandum to ensure that work has been undertaken in line with Company's policy and for Company's benefits, and that regulations and disciplines of the organisation have been observed;
12. Authorized to conduct and perform to complete above tasks.
13. authorized to affix the signature for certified copy of related documents;
14. Conduct and perform other duty assigned by the Board of Directors or Committee as the case may be.

On this note, the CEO and Managing Director may not approve for the transaction that their own benefits are involved or has conflict of interest with the company, unless these approval is in accordance with the policy and regulations approved by the Board of Directors or Shareholder's Meeting and follow the rule of law. The Board of Directors may cancel, revoke, amend, and change the power of CEO and Managing Director by the Board of Directors Meeting's resolution.

Furthermore, the CEO and Managing Director may authorize the staff of company to hold the power and responsibility to conduct works whereby the details of such authorization must be in accordance with the regulation set and approved by the Board of Directors and Managing Director. Such authorization must not be the authorization to a person whose benefits are intertwined or has conflict of interest with the company's or its subsidiaries.

### Selection process for Executives from Managing Director Level and Above

The Company has formed the Nomination and remuneration committee to consider and propose policies related to directors, member of each committee and Executives from Managing Director Level and Above. The searching and nomination is based on qualification, skill, experience and ability to contribute to the Company. The shareholders then vote to appoint the director by majority as the following criteria.

1. A shareholder shall have the number of vote corresponding to the number of share that he holds (one share, one vote);
2. In the process of selection of Company's directors, votes may be given to nominees individually or to several nominees at the same time, as the shareholders' meeting deems appropriate. In any voting, each shareholder shall have the voting right as stipulated in item 1 above; however, the number of votes of the shareholder, no matter how many votes he has, shall be indivisible;
3. Majority rule shall be used in the selection of directors. If there is a tie, the Chairman of the meeting shall have an additional vote as a casting vote.

### Remuneration of Directors and Executives

#### (1) Monetary remuneration

##### Remuneration of directors

The 2017 General Meeting of Shareholders on the 5<sup>th</sup> of April 2017 set the remuneration for the company's Directors, Audit Committee, The Nomination and Remuneration Committee, and Executive Directors who are not a regular officer in the form of Meeting Attendance Fee and monthly salary with details as follows.

Position	Meeting allowances
<i>Board of Director</i>	
Chairman	16,500 Baht/per time
Director	11,000 Baht/per time
<i>Audit Committee</i>	
Chairman of the Audit Committee	13,200 Baht/per time
Member of the Audit Committee	11,000 Baht/per time
<i>The nomination and remuneration committee</i>	
Chairman of The nomination and remuneration committee	13,200 Baht/per time
Member of The nomination and remuneration committee	11,000 Baht/per time
The salary for Directors who are not a regular officer is set at	10,000 Baht/per month

The Pension of Directors shall be paid at the rate not exceeding 3 Million Baht per year. The remuneration for each director will be determined by The Nomination and Remuneration Committee.

Attendance of the Meeting of Board of Directors in 2017

No.	Name of the Board of Directors	Board of Directors (number of times)	Audit Committee (number of times)	nomination and remuneration committee (number of times)
1	Mr. Natee Boonparm	7/7	-	1/1
2	Mr. Somyos Chiamchirungkorn	7/7	4/4	1/1
3	Mr. Tinakorn Seedasomboon	7/7	4/4	-
4	Mr. Somchai Jongsirilerd	7/7	4/4	-
5	Mr. Sannpat Rattakham	6/7	-	-
6	Mr. Sumet Techachainiran	7/7	-	-
7	Ms. Rashaneewan Rawirach	7/7	-	1/1
8	Mr. Somchaan Lubtikultham	7/7	-	-
9	Mrs. Maneerat Rattakham	6/7	-	-
10	Mr. Domdej Sripinproach	3/3	-	-

Directors' Remunerations in 2017

No.	Name of the Board of Directors	Meeting allowance	Pension	Remunerations of monthly	Total
1	Mr. Natee Boonparm	126,500.00	179,230.00	-	305,730.00
2	Mr. Somyos Chiamchirungkorn	147,400.00	167,280.00	-	314,680.00
3	Mr. Tinakorn Seedasomboon	121,000.00	119,490.00	-	240,490.00
4	Mr. Somchai Jongsirilerd	121,000.00	119,490.00	-	240,490.00
5	Mr. Sannpat Rattakham	66,000.00	102,420.00	-	168,420.00
6	Mr. Sumet Techachainiran	77,000.00	119,490.00	-	196,490.00
7	Ms. Rashaneewan Rawirach	88,000.00	119,490.00	90,000.00	297,490.00
8	Mr. Somchaan Lubtikultham	77,000.00	119,490.00	-	196,490.00
9	Mrs. Maneerat Rattakham	66,000.00	102,420.00	-	168,420.00
10	Mr. Domdej Sripinproach	33,000.00	51,210.00	-	84,210.00
Total		922,900.00	1,200,010.00	90,000.00	2,212,910.00

### Directorial remuneration summary for 2016 and 2017

	2017		2016	
Remuneration	Person	Baht	Person	Baht
Meeting allowances	10	922,900.00	9	921,500.00
Pension	10	1,200,010.00	9	1,862,000.00
Remunerations of monthly	1	90,000.00		
<b>Total</b>		<b>2,212,910.00</b>		<b>2,783,500.00</b>

### Remunerations of the Executives

Eight executives at the level of manager of a division or more senior received remunerations, i.e. salary and bonus, from the Company totaling 24,123,150.68 baht in 2017.

### (2) Other Remunerations

The Company set up a provident fund for its staff. Conditions for contribution to the fund are as follows:

Duration of work	Duration of work
From 1 year but less than 5 years	3.00
From 5 years but less than 10 years	6.00
From 10 years onwards	9.00

### Personnel

Number of personnel as of 31 December 2017 in the company and Subsidiaries is 498 people with following details

	Number of Personnel	
Institute	2017	2016
1. Executive Department	8	10
2. Operation Department	417	453
3. Support Department	73	71
<b>Total</b>	<b>498</b>	<b>534</b>



## Employee Return

Employees of the company and subsidiary will receive return in cash and non-cash form such as salary, annual bonus, OT, allowance, active payment and other welfares in form of cash. Essential non-cash return includes provident fund, loan fund for employee, social security, group life and health insurance, annual medical checkup, contributions, uniform, employee shuttle, educational subsidy for employee's child. Moreover, the company also supports expense of training, seminars of both internal and external trainings.

## Corporate Governance

Qualitech Public Company Limited is well aware of the importance of compliance with the principle of good corporate governance for the operation of its business. Thus, the Board of Directors has implemented its policy on the directors of the Company to comply with the principle and best practices which are in line with the Code of Best Practices for Directors of Listed Company in accordance with the guidelines of the Stock Exchange of Thailand. In this connection, practicality is taken into account during the formulation of any relevant provision. Furthermore, the Company adopts the principle of good corporate governance as a guideline to develop its policy which covers rights and equality of shareholders and stakeholders, structure, role and function, responsibility and independence of directors, disclosure of information and transparency, risk control and management, as well as ethics in business. This is to ensure the efficiency and transparency of the management and operation of business of the Company. The principle consists of the following 6 chapters:

### Chapter 1 Shareholders' Rights

The Company is aware of and puts as priority the shareholders' rights by not acting in any way to violate or deprive of the rights of the shareholders and by supporting the shareholders to exercise their rights. Basic rights of the shareholders consist of purchasing, selling or transferring of share, receiving profit of the Company, receiving sufficient information and data of the Company, participating the meeting, including voting in the shareholders' meeting to remove director, appointing auditor, and participating in any matter that affects the Company, such as allocation of dividend, formulation or amendment of articles of association and memorandum of association, capital reduction or capitalisation, and approval of special programme.

In this regard, the Company will take the following actions to promote and facilitate the exercise of shareholders' rights:

- The company stipulates to arrange annual general meeting once a year within not over 4 months from the end dates of company's accounting year so that shareholders can participate in monitoring and perceiving operation report of the company in previous year round.
- The company prepares complete meeting documents for voting support of shareholders by revealing information to shareholders in advance through information report system of Stock Exchange of Thailand and on Company's Website.
- The company assigns Thailand Securities Deposit Company Limited which is the security registrar of the company to deliver invitation letter to meeting with details support agendas before the meeting date at least 21 days and publicize invitation letter to shareholder's meeting with details on website of the company before sending invitation letter and advertise in newspaper for 3 consecutive days to make prior information to shareholders.

- The company facilitates shareholders who desire to accept annual report that they can contact via channels such as email. Telephone, fax and return envelope that the company will send by post immediately when shareholders request including prepare such report for them on the meeting date also.
- The company must not add any additional agenda submitted without prior notice to the shareholders along with giving rights to express their opinions and questions before making decisions.
- during each shareholders' meeting, the Chairman of the meeting shall inform relevant rules of procedure of the meeting, including those relating to voting and allocation of sufficient time for the meeting
- Directors of the company have to attend the shareholders meeting, answer the questions clearly and relevantly. In addition, Accounting and Finance Division Manager jointly answer the questions related to financial statements.
- Shareholders are allowed to submit questions or suggestion prior to the meeting as well as to express their opinion and file the question before the meeting. The relevant directors and executives shall attend the shareholders' meeting to answer the questions before the meeting;
- where a shareholder cannot attend the meeting, the Company allows the shareholder to authorize independent director or any person to attend the meeting as a proxy;
- The Company will record any important issue or opinion in the report of the meeting as a reference for the shareholders.

## Chapter 2 Equal Treatment of Shareholders

The Company shall treat each shareholder, whether he/she is an executive, non-executive, foreign or minority shareholder, equally and fairly. The principles of such treatment are as follows:

- The company entitles shareholders of the company to trade securities they are holding freely.
- The company entitles shareholders to accept share certificate and right of transfer.
- The company provides the shareholders the right to vote equally.
- The company entitles shareholders to accept sufficient and punctual information in forms suitable for decision.
- The company gives a chance to minor shareholders to nominate a person to position as the committee in advance and proper time.
- The company entitles shareholders to appoint and demote the committee.
- The company entitles shareholders to agree with auditor appointment and audit fee specification.
- The company entitles shareholders to receive profit share from the company in form of dividend.

- The company has attached the Proxy (Form B.), which is for shareholders to decide the voting directions, with the Invitation to the Annual General Meeting of Shareholders for those who are not available to attend, by giving attending and voting authority to independent directors or other individual.
- The company provides the shareholders the right to propose meeting agendas and candidates for the director election prior the Annual General Meeting of Shareholders.
- The Board of Directors shall not include additional agendas of the meeting, which are unnecessary, without advance notice to the shareholders, particularly those important agenda that the shareholders need time to study information before making a decision;
- The Company does not permit the use of Company's data. Any agency holding Company's data is forbidden from disclosing such data to any unrelated agency or person. Disclosure or use of the data by the staff or executives for the benefit of their own or of other related person is considered as a serious wrongdoing and shall be subject to disciplinary punishment. In addition, the Company has a policy and method to scrutinise the directors and executives who use the data which is not yet disclosed to the public for their own benefit in buying or selling securities as stipulated in the topic: Supervision of Using of Internal Data;
- Directors and executives of the Company is shareholders shall disclose data relating to their own interest in each agenda so that shareholder meeting will be able to consider transaction that may have conflict of interests and to decide for the benefit of the Company as a whole. The directors and executives who have such personal interest shall not be permitted to vote in the relevant agenda of the meeting. The company will compile the agenda information and published on the company's website at [www.qualitechplc.com](http://www.qualitechplc.com) (click at investors relations > shareholder information > shareholders' meeting invitation letter) 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting.

### Chapter 3 Role of Stakeholders

The Company places importance on the rights of every group of stakeholders and has a policy to treat each important group as follows:

**Shareholders:** the company is committed to operate its business at its best by using knowledge and management skills and by upholding the values of honesty and fairness for the benefit of the all shareholders as a whole, as well as by regularly disclosing complete and accurate data;

**Staff:** the company provides fair remunerations to the staffs whom are the crucial factor of the company's success. Thus, the company put emphasis on fairness treatment both in career opportunity and compensation by using Key Performance Index (KPI) as a measurement, maintain working environment that is safe for lives and properties, place importance on

capacity building of the staff thoroughly and on a regular basis, strictly comply with laws and regulations relating to the staff, including omit any act that is unfair and may affect employment security of the staff, as well as treat members of the staff politely and respect their human dignity.

**Customers:** the company is committed to deliver products and services with quality, meeting the standards, and at reasonable price, to strictly and regularly keep clients' secret, to endlessly look out for business opportunities to continuously benefit clients and to strictly honour the conditions that it has with the clients.

**Traders and Creditors:** the company shall not commit any fraud in dealing with traders and creditors and is committed to strictly comply with conditions that it has with the creditors, whether they are related to the purpose of payment, reimbursement, securities, guarantees, business negotiation and other matters that it has agreed with the creditors for their common interests.

**Competitors:** the company shall comply with the rules of fair competition, shall not illegally and inappropriately seek for data that are competitors' trade secrets and shall not defame its trade competitors by maliciously making a false claim.

**Public Society:** the company will not take any actions that cause damages to society and foster social responsibility to employees in every level continually and seriously along with practice or control for serious action according to intention of law and regulations issued by governance institute including seeking opportunities to support social creativity activity.

**Environment:** the company will not take any actions having bad impact on natural resources and environment and support every-level employees to realize importance of utilizing resources effectively and all employees and the relevant can participate in environmental maintenance.

**Complaint or comment to the company through following channels;**

- **Website:** <http://www.qualitechplc.com/index.php/th/webboard>
- **E-mail:** [info@qualitechplc.com](mailto:info@qualitechplc.com)
- **Tel:** (+66) 3869-1408-10 Fax: (+66) 3869-2028
- **Mail to:** 1. Ms.Kunlanit Sarapab, Administration Department Manager  
2. Mrs.Wimol Saephung, Audit Committee's secretary

Qualitech Plc. 21/3 Banplong Road, Maptaphut, Muang, Rayong 21150.

For employees can complaint or suggest an opinion to operation committee via internal email of the company.

## Chapter 4 Disclosure of Data and Transparency

The Company places importance on disclosure of accurate, complete, transparent, data in timely manner which meets the standards in accordance with the criteria provided by the Stock Exchange of Thailand, such as Annual Registration Statement (from 56-1) and Annual Report (from 56-2), altogether with financial report and general data, as well as other important data that may effect value of securities or procedures of decision making of Company's investors and stakeholders. This is to ensure that those related to the Company receive data equally. In this connection, the Company has publicized the data through the Stock Exchange of Thailand and website: [www.qualitechplc.com](http://www.qualitechplc.com).

The Board of Directors is aware of responsibility to financial report that is accurate, complete, true and reasonable. Company's budget is determined in accordance with certified accounting standards, with the suitable accounting policy. Record of accounting data must be accurate, complete and sufficient in order to help maintaining the assets and to acknowledge the weak points which will prevent material fraud and irregularity. The Company always adheres to this practice, including sufficiently discloses of important data as appeared in the remark of the budget. Further, the Board of Directors also appoints audit committee to examine the financial report, check against the list and inspect internal audit system. In this regard, the audit committee will report the result of the examinations to the Board of Directors at every meeting of the Board of Directors. At all events, the report of the Board of directors, the Audit Committee and the Auditors, along with the Directors name list, duties and responsibilities, and tenure are disclosed in the Annual Report.

As regards investors' relation, the Company is yet to establish a unit responsible for investors' relation; however, it has entrusted Managing Director and Administration Department Manger to contact shareholders, analysts and other relevant people

## Chapter 5 Responsibility of the Board of Director

### (1) Structure of the Board of Director

The Board of Directors consists of directors who are knowledgeable, competent and have experiences in business benefiting the Company and without any record of failure to obey The Securities and Exchange Commission regulations. The Board of Directors is appointed by shareholders' meeting comprising no less than 9 directors whereas the number of auditing committee must be 1/3 out of the Board at least 1 of which must have sufficient knowledge in accounting to review the reliability of the financial statement. The Company requires that at least 1 out of 3 of all the directors, not less than 3 in total, must be independent director, acting on behalf of minority shareholders in examining and keeping the balance of business management of the Company to ensure soundness, fairness and maximum benefit of the shareholders. The directors are allowed to take a position of committee in other listed companies not exceed 3 companied.

### (2) Subcommittees

The Board of Directors appoints subcommittees to supervise the business, namely:

- Executive Committee, not less than 3 persons, responsible for facilitating the management, with the terms of reference mandated by the Board of Directors;

- Audit Committee, not less than 3 persons, responsible for examining financial reports, cross-transactions and internal control system and assist in supervising the operation of the Company, with the terms of reference mandated by the Board of Directors. Every member of the Committee shall possess the qualification as stipulated by the security and exchange law or by rules, notifications, orders or regulations of the Security and Exchange Commission.

- The Nomination and Remuneration Committee must be consisted of no less than 3 person, consisting of at least 2 independent directors. The Chair for The Nomination and Remuneration Committee must be an independent director who shall perform the task of nomination and remuneration for the Board of Directors and Executive from Managing Director level and above.

Currently, Qualitech Public Company limited does not appoint corporate governance committee as sub-committee and it is duty of company's committee to supervise works in accordance with good practices of authorized company to cover regulations of each section by assigning administration department to manage work following policy of corporate governance of the company strictly

However, in the future, the Company may establish other committees responsible for the mandated tasks, assisting the Board of Directors in management work.

### (3) Role, Duty and Responsibility of Directors

The Board of Directors is responsible for setting policy, vision, strategy, aim, mission, business plan and budget of the Company. It also supervises the management and management to be in line with the policy, efficiently and effectively under the laws, objectives and articles of association of the Company as well as the decisions of shareholders' meeting. The Board of Directors provides:

#### *Policy for corporate Governance*

The Board of Directors causes to have policy for corporate governance in writing. It shall regularly provide for revision and implementation of such policy at least once a year.

#### *Practices about Not Piracy*

The company operates by not infringing intellectual property or copyrights of other people by specifying below guidelines

- Works from operation belong to intellectual property of the company
- Employees shall use only computer software authorized by the company to prevent intellectual property violation
- Works or data that belong to outsider to be used in the company shall be inspected to ensure that it is not to violate intellectual property of other people

- Employees shall not bring or take part in or perceive matters contrary to law that are deemed intellectual property infringement as stipulated in Copyright Act B.E. 2537 or other relevant laws to be used in business of the company

#### *Business ethic*

The Company arranges for codes of conduct relating business ethics for the Board of Directors, audit committee and practitioners in each unit. The principal issues relate to keeping Company's secret, acting in good faith and in accordance with the law, respecting of each other's rights and looking after of resources both within the Company and outer environment. The emphasis on business ethics will contribute to working in good faith. It will also help the internal supervision more efficiently, causing credibility to the capital market and building confidence to the investors.

#### *Policy relating to conflict of interests*

The Company sets a policy relating to conflict of interests on the basis that every member of staff shall perform their duty for the maximum benefit of the Company only. Any act or decision shall be without influence of personal desire whether coming from family or relatives or other persons known personally. The policy is set to cover 2 issues:

Related transactions: the Company will carefully consider the suitability of every related transaction before taking action, including price determination and conditions of the related transaction, as if it was dealing on the arm's length basis. The audit committee will consider the necessity and reasonableness of the transaction. When the Company or affiliated companies concluded related transaction and if such is the transaction stipulated in "Notification of the Security and Exchange Commission of Thailand Re: Disclosure of Information and Other Acts Listed Companies Concerning the Connected transactions 2003", the Company shall comply with the criteria, conditions and methods of that Notification, including disclosure of the transaction in the annual report and the annual data form for the transaction (form 56-1). This will cause the transparency in concluding the related transaction and eliminate problems arising out of conflict of interests and other situations that result in conflict of interests.

#### *Other Situations Resulting in Conflict of Interests*

1. In general investment, the Company does not permit its personnel being shareholders or deriving benefit from competitor companies or traders having business with the Company to engage in decision making in matters relating to business relation with such businesses except where the Board of Directors has approved;
2. In receiving gifts, personnel at every level should not receive gifts, travel tickets, sport tickets, recreation proposals, accommodations or other personal proposals if such will lead to commitments to the Company or cause the Company to lose its benefit;



3. In doing academic work, public services, being speakers or taking any position, personnel at every level of the Company can get approval from the director of their chain of work to work at academic institutions, to perform public services, to be speakers, or to take any position, such as company's directors, consultants, that will help expanding vision and gaining experience of the personnel. However, the personnel shall not engage the Company or use their position at the Company with those activities except where permitted to do so.

#### *Internal Audit and Risk Management*

The Company has internal audit system ensuring confidence to the investors that the Company will conduct its business efficiently and building reliability to the financial statement. The Company has internal audit unit which will evaluate risks and review internal audit annually. Mrs. Wimol Saephung, an internal auditor of the Company, is a secretary to the audit committee who will, at least every 3 months, present the result of the internal audit to the committee for its consideration.

Company's Committee gives precedence to risk management procedures of both internal and external risk that may affect the company by assigning audit committee to verify effectiveness and sufficiency of risk management procedures and internal control system by referring data from operation assessment of internal audit department.

#### **(4) Meeting of the Board of Directors**

The Board of Directors of the company meets at least once in every 3 months and may have additional meetings where necessary. The board shall be furnished with the report of work every month so that it can supervise, control and look after the conduct of management continuously and promptly. Written invitation for the meeting will be sent to the directors for their consideration prior to the meeting at least 7 days except where it is necessary or urgent to protect Company's rights or benefit. The directors may request additional necessary detailed information from the secretary of the Company.

Chief Executive Officer and Managing Director will consider together to settle agenda by giving an opportunity to each director presents their topic to agenda. In some agenda, chief executive may attend the meeting for providing necessary and additional information.

#### **(5) Remunerations**

The Company has a policy to set remunerations for the directors whereas The Nomination and Remuneration Committee shall set the remuneration for Directors. and auditing directors at the level that will be an incentive to maintain qualified directors as required. Remunerations will be at the level that is comparable with that of the same group of industry and relative to the result of the operation of the Company. Whereas The Nomination and Remuneration Committee shall report to the Board of Director for consideration. The shareholders' meeting will approve remunerations of the directors annually.

Remunerations of Director and above, The Nomination and Remuneration Committee shall consider the remuneration to fit with the terms of reference in accordance with criteria and policy set by the Board of Directors for the maximum benefit of the Company. Level of the remunerations, being salary, bonus and long-term incentive will be relative to the result of the Company and the performance of executives individually.

**(6) Professional Development knowledge of Directors of the Company**

The Board of Directors supports and facilitates training and education of those who are in Company's supervision system, such as directors of the Company, auditing directors and executives, for continuous professional development. Such training and education may be conducted within the Company or by other institutions.

At every time when a new director takes his post, the secretary of the Company shall arrange for documentation with useful data for the performance of the new director, and introduce the nature of the business and the trend of operation to the new director.

**Training / Seminar of the Company's Directors in 2017**

No.	Activity / Program	Date	Organizer	Name of Attendee
1	Quarterly Economic Wrap-Up for listed Companies	25-JAN-17	SET / Mai	Mr. Sannpat Rattakham
2	AC HOT UPDATE: Preparation for CG for sustainability	25-JAN-17	FAP/SEC	Mr. Tinakorn Seedasomboon
3	New CG Code Opening: "Thai Registration Company 4.0"	17-MAR-17	SET / SEC	Mr. Sannpat Rattakham
4	Anti-Corruption Guide	23-24-MAY-17	IOD	Mr. Somchai Jongsirilerd
5	Director Accreditation Program (DAP)	18-SEP-17	IOD	Mr. Domdej Sripinproach
6	Bitcoin: Future of Global Currency, True or False?	28-SEP-17	Thammasat University Finance and Accounting Faculty Alumni Association	Mr. Sannpat Rattakham
7	TFRS 2017: 1/2017 (Minor Program 504) Agricultural Accoutning	4-AUG-17	FAP	Mr. Tinakorn Seedasomboon

## Training / Seminar of the Company's Directors in 2017

No.	Activity / Program	Date	Organizer	Name of Attendee
8	Tax Accounting (Program 106) Tax for BOI	23, 30-SEP-17	FAP	Mr. Tinakorn Seedasomboon
9	Advanced Audit Committee Program (AACP 27/2017)	5, 12, 19 and 26-SEP-17	IOD	Mr. Tinakorn Seedasomboon
10	Financial Report Overall Standard 3/2017	17-OCT-17	FAP	Mr. Tinakorn Seedasomboon
11	Good organization structure technique (minor program 2) Setting production and inventory administration system	3-NOV-17	FAP	Mr. Tinakorn Seedasomboon
12	Creation and Submission of BorChor1 Form in Accordance with the announcement 2/2017	6-NOV-17	FAP	Mr. Tinakorn Seedasomboon
13	Independent Director Forum 2017 Update COSO Enterprise Risk Management: Integrating whit Strategy and Performance	8-NOV-17	IOD	Mr. Somchai Jongsirilerd Mr. Tinakorn Seedasomboon
14	Auditing in IT environment 2/2017	7-DEC-17	FAP	Mr. Tinakorn Seedasomboon
15	Board practice in supervising the defend of and handling of cyber threat	15-DEC-17	SEC	Mrs. Maneerat Rattakham
16	Overall Thai Accounting Audit 4/2017	19-DEC-17	FAP	Mr. Tinakorn Seedasomboon

## Chapter 6 Anti-Corruption Policy

The company operates business by using competitive strategy fairly, transparently and holding good quality of service and always works corresponding to relevant law strictly under business value of “Reliability, Safety, Agile, Customer Focus and Quality”. So, the company realizes importance and determination of every form of anti-corruption and the company's committee stipulates anti-corruption policy to declare intention of the company to insist a position against corruption and have a target for every employee in the organization along with the relevant parties to understand anti-corruption principles under the same policy. Pleasantly, the Company has been certified by Thailand's Private Sector Collective Action against Corruption (CAC) on 22 July 2016.

Anti-corruption policy is specified that committees, executives and employees of the company, subsidiary and joint venture along with other enterprises that have power of regulation including people relevant to business's operation to strictly practice, nevertheless, The Board of Directors had revised the anti-

corruption policy every year , nevertheless, this policy is made in written to inform everybody and publicized on the Company's website at [www.qualitechplc.com](http://www.qualitechplc.com), Invertor Relation > Anti-Corruption Policy

### Supervision of Using of Internal Data

The Company has a policy and method to scrutinise the directors and executives who use the data which is not yet disclosed to the public for their own benefit in buying or selling securities as follows:

1. Educating the directors, including the executives on their duty to report of the holding of securities by themselves, their spouse and children under legal age, in accordance with Section 59 and the punishment provision, Section 275 of the Security and Exchange Act 2016 (issue5);
2. The Company requires the manager, next four management level personal after manager and equivalent personnel, as well as accounting and finance department manager or above Section 275 of the Security and Exchange Act 2008 (issue4) so that the Company will be able to scrutinise the buying and selling of all the executives;
3. The Company shall circulate a written notification to the executives informing that executives who are informed of important internal data which will influence on the change of securities' value shall cease the buying and selling of the securities of the Company within 1 month prior to the disclosure of budget or such data to the public. Further, they shall not disclose such important data to other people. Where it is found that personnel at the level of the Executive Committee use internal data in such a way that will cause damage to the Company or its shareholders, the Board of Directors will consider measures for punishment, as it deems appropriate. Where the person who commits such act is a less senior executive, the Executive Committee will consider measures for punishment of such person.

## Corporate Social Responsibility

### Corporate Social Responsibilities : CSR

Qualitech Public Company Limited determines to undertake its business in good governance, intends morally run business accompany with focus on internal and external corporate social responsibilities. This is one of our strategies to endure continuity business development which covers controlling and developing personnel, runs business equitably for every parties, thinks over on safety and quality of services, takes action to develop community, effectively utilize natural resources and also aware of environmental conservation.

Our company realizes that we undertake the business in engineering and safety inspection services by providing Non-Destructive Testing, Inspection and certification service which is comply with international standard and law. It is our priority responsibility to strictly follow safety standard system in Thailand and oversea as our company value "Reliability, Safety, Agile, Customer Focus and Quality."

The Office of The Securities and Exchange Commission report principle. Beside, our company attempts to complete and revise Corporate Social Responsibilities contents yearly.

### (1) Run business equitably and against corruption

Company has defined to deal impartially with clients, trading partners and interested person. To be fair to every party, we run business equitably and also against corruption. We've created company's Code of Conducts which has been approved by Boards of directors as summary below;

- Company persists in rule of law in running business. Board of directors, executives and employees shall understand company's regulations and relevant laws including in coming effective law which effects to administrator management and working principle. Boards of directors, executives and employees shall work strictly under company's regulations and relevant law; beside avoid the action which may cause bad company's reputation.
- Boards of directors, executives and employees may not seek for competitors' trade secret or specific details by infringing data piracy or breaking an agreement not to reveal clients' details or others.
- Company details are open for all concerned parties under the law, company's regulations and also confidential clients' details including provides sufficient details and actual supporting documents accordance with to The Office of The Securities and Exchange Commission for all shareholders to estimate our company equivalently.
- In case of Boards of directors, executives or employees do something involve with company. Company will act as this action is between company and third party that the person has no authority for approval.

- Boards of directors, executives or employees do not accept bribes in term of money, benefits or objects from business partners if it is perceived that receivers have minded or special relationship with givers which may cause harm to company or interested person.
- Boards of directors, executives or employees shall honestly work without prejudice and do not use their authority and function seeking to own benefits or others.
- Boards of directors, executives or employees shall fully support to gain patent, copyright and protect company's trademark which is intellectual property and also not to piracy competitors' intellectual property.
- Boards of directors, executives or employees shall maintain impartiality and not discriminate term of employment such as recruitment, reward and benefit consideration, job promotion, job transfer, work performance evaluation, job training, following regulation, employee termination, recruitment and participate community events.

## (2) Respect human rights and Labor practices

Company emphasizes to treat employees impartially. Executives pay attention to all levels of employees. No matter where they graduated from, they would receive equivalent opportunity which depends on fairness of reward system. Beside, company is willing to support personnel development in career path, encourages employees to express their opinions by providing opinion box and also provide benefits, annual recreation events to support employees' better quality of life.

### Employment

Working day and time of employees is divided into 2 items as below;

1. Working hour in the office Monday to Saturday 08.00hr – 17.00hr
2. Working hour on site depends on clients' agreement which accordance with Labor law 1998 and related laws.

According to conducting inspection services at Site area where clients appointed, it is difficult to specific certain working date and time. Therefore, the operator shall work under clients' agreement. Due to flexible working date and time, company has provided suitably work reward for the operators.

For recruiting new employees, company considers from education, qualification, experiences and performance. Candidates shall pass writing examination, math examination, English test, computer skills test and also face to face interview. Candidates who pass the examination shall work as trainees, probation period is 119 working days to consider that candidates have potential and suitable qualifications for working in this position or not.

### Reward and benefit management

Company has obvious reward and benefit regulations for employee by specified in Standing Instruction which is constantly revised. Company has payment policy for employees in term of monthly salary, work reward, direct position, overtime, specific certificate etc. such as

- Provident fund
- Life/health/accident insurance
- Social security
- Employee loan fund
- Employee subvention for marriage/childbirth/relatives deceased
- Scholarship for employees' children
- Uniform
- Transportation
- Diligence
- Annual medical examination
- Medical examination before work
- Personal protective equipment
- Get well basket

The company has established the Employees' Welfare Committee in accordance with the regulation of Ministry of Labour, which comprises of both employer and employee representatives, to take responsibility regarding to employees' welfare.

### Personnel development

Company determines to develop personnel because they are the significant part who drives the business to achieve goal and motivate organization to sustainable business development. As a result, company has focused on personnel development from the beginning till retiring as below details;

- Arrange various orientations in basis company information, company's scope of works, working regulations, safety induction, anti-corruption, business morality and company's value.
- Organize technical training such as Technical training for the best practice in operation such as Basic Welding for Welding Inspector, Radiation Test, Ultrasonic Test, Magnetic Particle Test, Penetrant Test, Working in Confined Space and Basic Radiation Safety Prevention, Visual Test, Working at height safety, ECT Level II ect. to develop operators' specific technique skills to perform job properly and skillfully.
- Arrange supporting course for management's skill such as Time Management Digital Economy, Presentation Skill Workshop, Business Plan etc.

- General Training for daily life such as Basic First Aid and Rescue, Basic Fire Fighting and Basic English for Technician.
- Encourage employees to plan their career path in 2017, established Development Plan and Succession Plan to be the guideline for year 2018.
- Annually schedule for training plan with proper budgeting in advance for effective training. In 2017, the company organized internal training and delivered personnel to train with outside training institutions for 114 curriculums (In-House training 60 curriculums and Public training 54 curriculums) covering all employees in every department.
- Follow up employees after training to ensure that they fully understand contents from training course. Issue certificates and appoint for the re-certificate period.





### Occupational Health, Safety and Environment of Work

The company realizes importance of safety in life, occupational health of employees along with the relevant; therefore, the company stipulates universal standard occupational and safety management as guideline to build up good environment for work

The company strictly follows the regulation by having Committee of Safety, Occupational Health and Work Environment along with professional safety staffs to operate, control, monitor situations of safety, occupational health and work environment of the company to be corresponding to policy and work plan including promoting employees to realize precedence of building up safety and complying with policy of safety, occupational health and work environment in 2017 as follows

- Making a preventive plan and risk reduction plan to face danger from operation or hazards in many areas in the company along with improving environment to be safe and checking equipment and tools
- Promulgating knowledge, law and regulations of safety, occupational health and other relevant laws such as labor law, transportation law, regulations of Ministry of Industry etc. including informing amended law through electronic mail and billboard of the company so that employees can search for information as benefit to them to promote self-safety
- Apart from basic knowledge of safety, occupational health management system and safety of every employee. The company also educates the employees to prevent accidents regularly with training, publication on board and electronic mail that supports not only safety in work but also safety in routine life such as driving safely and work tools usage etc.
- Setting up safety committee of the company by arranging a meeting to create safety policy with monthly follow-up
- Submit and certified for occupational health and safety standard (OHSAS 18001)

### Human rights and employees parity

To respect and appreciate in human right is the foundation of personnel development. Human resources are the main key to improve production and value added to endure business development. Company consistently aware of human rights by treating them equally, no matter what races, nationalities, gender, religions, poverty, disables person, sick person including respect and accept differences in thinking, society, environment, law and culture.

### (3) Services responsibilities

Company engages in the provision of Non-destructive testing, and Inspection/Certification services in accordance with international standards and regulations, aim to satisfy and assure that clients get the quality services by following up satisfaction survey and continuous on services improvement

### (4) Environment conservation

Company fully supports environment conservation during working process such as adjust working procedure to use natural resources effectively, Power Saving Project by setting time to turn off air-conditioning system lighting to be the energy saving type 5 Sor Project provide garbage bins to separate recycle and hazardous waste ect.

### (5) Social Community and Environment Responsibility

Company realizes the important of corporate social responsibilities and pays attention on any effects to the community by supporting and regularly participate in community events. Our employees are encouraged to be the part of these activities.

In 2017, the company participated and supported social activities as follows;

- The company has donated special books to public schools various, educational institutions and foundation to distribute knowledge to students, college students and people in general.
- The company accepted the submission of internship by students in order to help improve their skill and knowledge in the future.
- The company provided expert technician as speakers in training for various Technical Institute in the Northeast of Thailand.
- Announce the program for the employee to donate their table stand calendar to be recycled into Braille word card, teaching materials for the Teaching School for the Blind in Bangkok. Donating to Foundation for the Blind in Thailand.
- Support the junk bank project, separating types of waste before disposal.
- Treating chemical pollution for better environment.
- Water and Power saving project
- Advocate to employee to take part in taking care of environment, saving power, and use resource wisely.
- Support employee's children scholarship.
- Support Kids Day event for Nong Chak School, Chonburi
- Donation to support disabled paintings artists, transforming their work into cards, calendar, bookmarks, and others.

- Participate in Activity with Ban Plong Community, Mab Ta Put, Rayong Province to improve the landscape.



#### (6) Continuous development for sustainable organization

Keeping good governance principle and regularly corporate social responsibilities are the most important cores in organization value and culture and more important than time to time participate the communities' events. Company intends to develop sustainably business to assure that interested person gain mutual benefits both in short term and also long term. Our clients and business partners grow together and also support sustainably community and society. Company still intends to support new innovation to carry on research and development. Beside, company supports employees to express their creativity ideas in term of value for economy, society and environment by continuously arranging various training courses in any involved fields regularly and exchanging information, ideas and opinion in "Executives Meet Employees Event"

## Internal Control

### 1. Sufficiency of Internal Control System

At the meeting of the Board of Directors of public company limited no. 2/2018 on 24 February 2018, the board has evaluated the internal audit system by inquiring data from the management relating to the sufficiency of the internal audit system of the Company in 5 sectors, namely, organisation and environment, risk management, control of performance by the management, information and communication system and follow up system. After having evaluated, the board found that the Company has system for internal audit of majority shareholders, directors, executives or other people related to such persons sufficiently in place. The Company's internal audit system also covers all 5 sectors appropriately and sufficiently to prevent the executives from using of property inappropriately or without power. In addition, the Company's internal audit system is independent in pursuing and evaluating the result of internal audit. Moreover, the Company has a filing system of important documents that allows the directors, auditors and those authorized by law to inspect within reasonable time.

DIA, an audit firm of the Company, has examined the internal system in the year 2017 and found no important issue.

### 2. Policy on Procedures of Internal Audit

The Company sets up internal audit unit which is accountable directly to the audit committee quarterly in order to evaluate the potential, suitability and sufficiency of the current internal audit system, compliance with policy and relevant rules of practice as well as suitability and credibility of financial report of the Company. Internal auditors have examined procedures of work of the Company and provided remarks and advices to increase the potential of procedures of work. The executives have placed importance on and undertaken to completely improve according to the advices of the auditors within 2 months after the advices were given.

## Related Transaction

Details of possible conflicts about the connected transactions between the company and its subsidiaries with connected parties that occurred in 2017 appear below:

### (1) Cross-Transaction of Qualitech Public Company limited

Person/Juristic person	Relationship	Nature, condition and value	Necessity and Reasonability	Audit Committee's Opinion
Mr. Sumet Techachainirun	The Company's director and shareholder	Mr. Sumet was a guarantor on purpose of car leasing for the company  2017 : 0.82 Million Baht 2016 : 1.03 Million Baht	Mr. Sumet personally guaranteed for the company without receiving any compensation or returns	Audit Committee has considered that such transaction was proper and necessary since the guarantor has not received any compensation
QLT International Company Limited	The Company held 99.99% share capital, director and management have common shareholding	<u>Incomes</u> Wages, rental, management fee and uniform  2017 : 0.98 Million Baht 2016 : 0.62 Million Baht  <u>Expenses</u> Wage, Consumable  2017 : 10.28 Million Baht 2016 : 26.78 Million Baht	Wage was employment list and its value was equivalent to employment of other companies  Building and furniture rental was equivalent to market price  Management fee was usual operation expense that is beneficial to the operation of the company  Consumable purchasing price was equivalent to market price	Audit Committee has considered that such transaction was cross-transaction between the parent and subsidiary company which the company holds 99.99 percent of shares, normal reasonable trading, and beneficial to the company

Person/Juristic person	Relationship	Nature, condition and value	Necessity and Reasonability	Audit Committee's Opinion
Qualitech Myanmar Company Limited	The Company held 80.00% share capital, director and management have common shareholding	<u>Incomes</u> Wage 2017 : 0.65 Million Baht 2016 : 0.00 Million Baht	Wage was employment list and its value was equivalent to employment of other companies	Audit Committee has considered that such transaction was cross-transaction between the parent and subsidiary company which the company holds 80.00 percent of shares, normal reasonable trading, and beneficial to the company

## (2) Cross-Transaction of QLT International Company Limited

Person/Juristic person	Relationship	Nature, condition and value	Necessity and Reasonability	Audit Committee's Opinion
Ms. Yanakorn Rattakham	A daughter of Mr. Sannpat Rattakham, director and a shareholder if the Company which holds 99.99 percent of shares in QLT	<u>Expenses</u> Office rental fee 2017 : 0.28 Million Baht 2016 : 0.044 Million Baht	Office rental was for operation and the rate was evaluated by a financial advisor who is certified by SEC. The rental term is 2 years, from 1 November 2016 to 31 October 2018.	Audit Committee has considered that such transaction was proper and necessary since the guarantor has not received any compensation

## 1. Measures or Procedures for Approval of Related Transactions

In dealing with persons who may be in a position that conflict of interests may occur, the transaction of these persons shall be disclosed to the board of committee for its consideration and approval to bring about the maximum benefit of the company and to protect investors and related persons with the Company. Such transactions shall comply with security and exchange laws, regulations, notification, order or rules of the Stock Exchange of Thailand. The persons who may be in a position of conflict of interests or may have interests from the transactions shall not have the right to participate in procedures for approval of such transactions.

As to transactions that are normal business, such as buying and selling goods, the Company has a policy that requires the conditions of such transactions to be in accordance with normal business and the price to be market price comparable with the price of third party. The audit committee shall consider and provide opinions on such transactions quarterly. The consideration of reasonableness of the transactions will take into account of the market price, conditions and necessity that may affect the business, such as delivery time and specific quality of goods, for the maximum benefit of the Company.

## 2. Future Trend of Related Transactions

In concluding related transactions in the future, relevant conditions of the transactions shall be in accordance with normal business by referring to suitable market price and conditions. The audit committee and/or independent directors shall give opinions relating to rate of returns as well as necessity and suitability of such transactions. If a transaction is concluded by a person who may in the future be in a position of conflict of interests, the Company shall comply with the rules, notifications and/or regulations of the Security and Exchange Commission and/or the Stock Exchange of Thailand. The Company may employ independent experts or company auditors to provide opinions relating to such transactions which will be used in decision making process of the Board of Directors or the shareholders as the case may be. In this regard, group of companies will disclose the transactions among each other in the remark of the budget report examined by the Company's auditors.

## Financial Status and Result of the Operation

Qualitech Public Company Limited and Subsidiaries

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 to 2017

Unit: Thousand Baht

	2017		2016		2015	
Result of the Operation	Amount	%	Amount	%	Amount	%
<b>Total income</b>	428,903.48	100.00	449,070.14	100.00	517,434.01	100.00
Service income	425,507.18	99.21	445,775.30	99.27	510,023.86	98.57
Cost of services	324,543.42	75.67	323,807.47	72.11	333,763.52	64.50
<b>Gross Profit</b>	<b>100,963.76</b>	<b>23.73*</b>	<b>121,967.83</b>	<b>27.36*</b>	<b>176,260.34</b>	<b>34.56*</b>
Other income	3,396.30	0.79	3,294.84	0.73	7,410.15	1.43
Profit before expenses	104,360.06	24.33	125,262.67	27.89	183,670.49	35.50
Administrative expenses	47,433.91	11.06	43,383.86	9.66	42,061.61	8.13
Directors' remuneration	2,298.10	0.54	2,648.30	0.59	2,675.00	0.52
Management benefit expenses	24,123.15	5.62	28,602.03	6.37	28,470.76	5.50
Total expenses	73,855.16	17.22	74,634.19	16.62	73,207.37	14.15
<b>Profit before finance costs and income tax</b>	<b>30,504.90</b>	<b>7.11</b>	<b>50,628.48</b>	<b>11.27</b>	<b>110,463.12</b>	<b>21.35</b>
Finance costs	651.81	0.15	662.69	0.15	1,013.82	0.20
<b>Profit before income tax</b>	<b>29,853.09</b>	<b>6.96</b>	<b>49,965.79</b>	<b>11.13</b>	<b>109,449.30</b>	<b>21.15</b>
Income tax	3,763.91	0.88	4,924.33	1.10	6,976.64	1.35
<b>Profit for the year from continuing operations</b>	<b>26,089.18</b>	<b>6.08</b>	<b>45,041.46</b>	<b>10.03</b>	<b>102,472.66</b>	<b>19.80</b>
Loss for the year from discontinued operations	0.00	0.00	916.76	0.20	0.00	0.00
<b>Profit for the year</b>	<b>26,089.18</b>	<b>6.08</b>	<b>44,124.71</b>	<b>9.83</b>	<b>102,472.66</b>	<b>19.80</b>
Other comprehensive income (expense)	(2,323.15)	(0.54)	943.66	0.21	568.66	0.11
<b>Total comprehensive income for the year</b>	<b>23,766.03</b>	<b>5.54</b>	<b>45,068.37</b>	<b>10.11</b>	<b>101,904.00</b>	<b>19.69</b>
Basic earnings per share (Baht)	0.27		0.45		1.05	
Book value per share (Baht)	4.56		4.50		4.54	
Par value (Baht)	1.00		1.00		1.00	

\* Gross profit margins showed above were computed by dividing gross profit with service income.



## Qualitech Public Company Limited and Subsidiaries

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017 to 2015

Unit : Thousand Baht

	2017		2016		2015	
Result of the Operation	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	47,089.20	9.31	42,989.81	8.53	27,623.95	5.15
Current investment	117,867.70	23.30	47,241.57	9.37	112,918.74	21.05
Trade and other receivables	82,159.91	16.24	98,465.43	19.54	105,712.91	19.70
Unbilled services income	43,460.35	8.59	61,744.05	12.25	67,978.46	12.67
Inventories	6,622.84	1.31	6,290.96	1.25	12,107.15	2.26
<b>Total current assets</b>	<b>297,200.00</b>	<b>58.75</b>	<b>256,731.82</b>	<b>50.95</b>	<b>326,341.21</b>	<b>60.82</b>
<b>Non-current assets</b>						
Pledged bank deposit	3,500.00	0.69	30,313.82	6.02	30,669.92	5.72
Property, plant and equipment	194,648.74	38.48	208,048.32	41.29	167,257.10	31.17
Other intangible assets	2,138.87	0.42	2,163.64	0.43	2,463.05	0.46
Deferred tax assets	1,642.20	0.32	0.00	0.00	0.00	0.00
Income tax deducted at source	6,298.45	1.25	6,150.65	1.22	9,381.74	1.75
Others non-current assets	404.14	0.08	523.65	0.10	421.11	0.08
<b>Total non-current assets</b>	<b>208,632.40</b>	<b>41.25</b>	<b>247,200.08</b>	<b>49.05</b>	<b>210,192.92</b>	<b>39.18</b>
<b>Total assets</b>	<b>505,832.40</b>	<b>100.00</b>	<b>503,931.90</b>	<b>100.00</b>	<b>536,534.13</b>	<b>100.00</b>

Qualitech Public Company Limited and Subsidiaries  
STATEMENTS OF FINANCIAL POSITION (Cont.)  
AS AT DECEMBER 31, 2015 to 2017

Unit : Thousand Baht

	2017		2016		2015	
Result of the Operation	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payable	34,882.94	6.90	41,406.61	8.22	60,294.71	11.24
Current portion of long - term liabilities	2,384.37	0.47	3,111.85	0.62	4,328.42	0.81
Short - term loans	0.00	0.00	0.00	0.00	566.47	0.11
Accrued income tax	441.37	0.09	984.84	0.20	2,365.62	0.44
<b>Total current liabilities</b>	<b>37,708.68</b>	<b>7.45</b>	<b>45,503.30</b>	<b>9.03</b>	<b>67,555.22</b>	<b>12.59</b>
<b>Non-current liabilities</b>						
Financial lease liabilities	2,181.13	0.43	3,623.09	0.72	5,333.82	0.99
Employee benefits obligation	16,027.13	3.17	10,833.24	2.15	15,366.59	2.86
<b>Total non-current liabilities</b>	<b>18,208.26</b>	<b>3.60</b>	<b>14,456.33</b>	<b>2.87</b>	<b>20,700.41</b>	<b>3.86</b>
<b>Total liabilities</b>	<b>55,916.94</b>	<b>11.05</b>	<b>59,959.63</b>	<b>11.90</b>	<b>88,255.63</b>	<b>16.45</b>
<b>Shareholders' equity</b>						
Authorized share capital	103,468.49	20.46	98,568.49	19.56	99,000.00	18.45
Issued and paid-up share capital	98,568.49	19.49	98,468.49	19.56	98,568.48	18.37
Premium on share capital	75,175.54	14.86	75,175.54	14.92	75,175.54	14.01
Equity-settled share-based payment reserve	5,273.41	1.04	4,065.19	0.81	4,065.19	0.76
Appropriated-legal reserve	10,346.85	2.05	10,000.00	1.98	10,000.00	1.86
Unappropriated	260,164.89	51.43	256,158.70	50.83	259,926.49	48.45
<b>Total owners of the Company</b>	<b>449,529.18</b>	<b>88.87</b>	<b>443,967.92</b>	<b>88.10</b>	<b>447,735.70</b>	<b>83.45</b>
Non-controlling interests	386.28	0.08	4.35	0.00	542.80	0.10
<b>Total shareholders' equity</b>	<b>449,915.46</b>	<b>88.95</b>	<b>443,972.27</b>	<b>88.10</b>	<b>448,278.50</b>	<b>83.55</b>
<b>Total liabilities and shareholders' equity</b>	<b>505,832.40</b>	<b>100.00</b>	<b>503,931.90</b>	<b>100.00</b>	<b>536,534.13</b>	<b>100.00</b>

Qualitech Public Company Limited and Subsidiaries  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 to 2017

Unit : Baht

List	2017	2016	2015
<b>Cash flows from operating activities</b>			
Profit before income tax	29,853,087.86	49,965,794.79	109,449,300.34
Loss from discontinued operations	0.00	(916,755.12)	0.00
Adjustments			
Unrealized gain on changes in investment valuation	(480,360.65)	(184,345.45)	(660,032.39)
Unrealized gain on exchange rate	691.10	(4,367.08)	(180,260.67)
Doubtful accounts	847,335.24	2,877,723.99	1,444,244.75
Decrease in Unbilled services income	17,920,497.92	6,234,406.26	10,093,697.80
Depreciation	30,835,034.94	30,882,558.42	29,738,091.25
(Gain) Loss on disposal of fixed assets	(811,823.86)	130,658.67	(3,799,059.27)
Reverse of loss on impairment of assets	88,289.12	(10,067.35)	(2,267.58)
Amortized intangible assets	0.00	299,411.47	531,070.66
Write off income tax deducted at source	334,553.91	322,671.53	978.61
Employee benefits	0.00	1,182,105.75	1,261,938.02
Interest expenses	3,242,398.27	662,690.06	1,013,821.54
	82,481,509.51	91,442,485.94	651,805.66
(Increase) Decrease in portion of operating assets			
Trade and other receivables	15,820,684.02	3,317,295.59	11,188,036.94
Inventories	(331,875.21)	5,816,190.64	(2,896,846.51)
Intangible assets	(309,790.00)	0.00	(535,100.00)
Other non-current assets	31,219.99	(92,473.11)	163,919.58
Increase (Decrease) in portion of operating liabilities			
Trade and other payables	(3,188,266.92)	(21,940,319.14)	(3,992,820.41)
Cash generated (paid) from operation	94,503,481.39	73,821,179.92	152,818,712.66
Employee benefit paid	0.00	(5,122,000.00)	0.00
Interest paid	(225,886.66)	(312,496.81)	(502,088.54)
Income tax paid	(8,457,914.16)	(3,396,687.51)	(8,076,559.25)
Income tax received	2,771,176.18	6,270,514.24	0.00
<b>Net cash provided by (used in) operating activities</b>	<b>88,590,856.75</b>	<b>70,111,995.60</b>	<b>144,240,064.87</b>

Qualitech Public Company Limited and Subsidiaries  
STATEMENTS OF CASH FLOWS (Cont.)  
FOR THE YEARS ENDED DECEMBER 31, 2015 to 2017

Unit : Baht

List	2017	2016	2015
<b>Cash flows from investing activities</b>			
(Increase) Decrease in current investment	(70,145,767.55)	65,861,518.22	(24,443,042.07)
(Increase) Decrease in pledged bank deposit	26,813,819.01	356,105.48	(11,466,273.00)
Proceeds from sales of fixed assets	1,271,861.68	10,300.00	14,942,823.23
Payments for fixed assets acquisition	(20,292,907.20)	(67,318,004.31)	(47,846,734.13)
<b>Net cash provided by (used in) investing activities</b>	<b>(62,352,994.06)</b>	<b>(1,090,080.61)</b>	<b>(68,813,225.97)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term loans	0.00	0.00	0.00
Decrease in financial lease liabilities	(3,107,432.34)	(4,371,809.29)	(4,463,591.80)
Dividend paid	(19,714,897.00)	(49,284,242.50)	(73,890,631.25)
Ordinary shares	0.00	0.00	2,523,063.40
Proceeds for non-controlling interests	683,849.99	0.00	315.00
<b>Net cash provided by (used in) financing activities</b>	<b>(22,138,479.35)</b>	<b>(53,656,051.79)</b>	<b>(75,830,844.65)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,099,383.34</b>	<b>15,365,863.20</b>	<b>(404,005.75)</b>
<b>Cash and cash equivalents as at January 1</b>	<b>42,898,813.61</b>	<b>27,623,950.41</b>	<b>28,027,956.16</b>
<b>Cash and cash equivalents as at December 31</b>	<b>47,089,196.95</b>	<b>42,989,813.61</b>	<b>27,623,950.41</b>

## Explanation and Analysis of Financial Status and Result of the Operation

### • Operations Results of Qualitech Public Company Limited and Subsidiary •

#### Operation Summary

In 2017, on the Company's consolidated financial Statements of Qualitech Public Company Limited, the total revenue was 428.90 million Baht, decreased by 20.17 million Baht or about 4.49% This is due to the decreased demand for NDT, customer's investment, and production cost cut from decreasing oil price. This affect the Oil and Gas Survey and Drill industry and relevant industry to shrink and further led to fierce price competition. This caused the number of complete sale and service to decrease, while profit to owners of company is 26.39 57 million baht decreasing by 18.18 million Baht or 40.79% compared to previous year

#### Income

Income structure	2017		2016		%
	Million Baht	%	Million Baht	%	Change
Non-destructive Testing	146.45	34.15%	175.95	39.18%	-16.77%
Inspection and Certification	279.05	65.06%	269.83	60.09%	3.42%
Others	3.40	0.79%	3.29	0.73%	3.34%
<b>Total</b>	<b>428.90</b>	<b>100.00%</b>	<b>449.07</b>	<b>100.00%</b>	<b>-4.49%</b>

The Company had total income of 428.90 million Baht decreasing from 2016 for 20.17 million Baht or 4.49% compared to 2016 that had total income of 449.07 million Baht This is due to decrease in income from NDT. The company's increasing income from inspection and certification service came from our subsidiaries testing service, agricultural product inspection for export service, making the overall income in 2017 decrease from 2016 in small number.

#### Cost of service and Administrative expenses

In 2017, the company had 324.57 Million Baht in cost of service, a 0.73 Million baht increase or 0.23% comparing to 2016. Most cost is employee related whereby the company still has the policy to retain the employee in order to be able to support the business opportunities in the future. The increase of cost is partially due to new agricultural sector services setup by our subsidiaries. The increased cost was due to items such as raw material required and personnel cost.

Cost to Sales Ratio in 2017 was 76.27% of services income and gross profit margin was 23.73% decreasing from 2016 that had gross profit margin of 27.36%

Administrative expenses in 2017 was 73.86 million baht decreased by 0.78 million Baht or 1.04% compared to 2016

### Net Profit

The main company has 26.39 Million baht of Net profit, an 18.18 Million Baht decrease or 40.79% from 2016. The decrease of profit was due to decrease in income from service and price competition in the market, forcing the service fee received to reduce. However, most cost of service is employee related, a fixed cost, while the company has the policy to maintain the employee in order to support future opportunities. The company therefore, is unable to decrease the cost relating to employee.

### Profitability Ratios

Consolidated Financial Statement	2017	2016
Gross Profit Margin	23.73%	27.36%
Profit rate from operation	7.17%	11.36%
Net Profit Margin	6.20%	10.00%
Return on Equity	5.91%	10.00%

In 2017, the company has 23.73 Million baht in Gross Profit, decreasing from last year which enjoyed 27.36 Million Baht or 7.17% of operation profit, 6.20% net profit, and dividend rate at 5.91%. All numbers saw a decrease as the company earned less income while the cost of employee remains the same while the cost for subsidiaries was increased.

### Financial Position

Consolidated Financial Statement	2017		2016		%
	Million Baht	%	Million Baht	%	Change
Asset	505.83	100.00%	503.93	100.00%	0.38%
Liability	55.92	11.05%	59.96	11.90%	-6.74%
Shareholders' equity	449.53	88.87%	443.97	88.10%	1.25%

### Asset

The company had total asset as of 31 December 2017 for 505.83 Million Baht consisting of current asset for 297.20 million Baht and non-current asset for 208.63 million Baht. Total asset increases for 1.90 million Baht or 0.38% compared to 2016 with total asset of 503.93 million Baht. The reduction in asset was caused by a change in current investment

**Trade Accounts Receivable**

In 2017, the company had trade accounts receivables for 82.16 million Baht decreasing from 2016 by having average collection for 81 days and in 2016 the average collection was 88 days after bills placement. The company had policy about term of payment for at least 30 days and the company would consider term of payment from historical record of clients, purchase order and payment history in the past. For policy of allowance for doubtful account, the company would consider from outstanding debt of debtors with settlement duration more than 90 days without movement by using allowance for doubtful account from the outstanding amount for 91-180 days, allowance is 10% , accrued for 181-270 days, allowance is 30% and accrued for 271-365 days, allowance is 50% and accrued over 365 days, the allowance would be 100% from outstanding amount. In 2017, the company had increasing allowance for doubtful account from trade accounts receivable for 0.48 million Baht from 2016

**Property, plant and equipment - Net**

Net property, plant and equipment for 2017 were 194.65 million Baht decreasing from 2016 for 13.40 million Baht The portion for Doubtful Account from trade receivable increased for 0.48 Million Baht from 2016.

**Liabilities**

As of 31 December 2017, the company had total liabilities of 55.92 million Baht decreasing from the end of year 2016 for 4.04 million Baht or about 6.74%. It was an decrease in current liabilities for 7.79 Million Baht or 17.13% The company had trade payables from the purchase of materials, cost of employee, and Non-current liabilities increase for 3.75 Million Baht or 25.95% increase due to a binding employee's benefit fund from increasing retiring employee.

**Shareholders' equity**

The owners of the company as of 31 December 2017 for 449.53 million Baht increasing from the end of 2016 for 5.56 million Baht or 1.25%

In 2017, the company had debt to equity ratio of 0.12 times decreasing from 2016 that had debt to equity ratio ratio of 0.14 times This is due to less liability.

**Cash Flow**

Cash Flow	2017	2016
Net Cash provided by operating activities	88.59	70.11
Net Cash used in investing activities	(62.35)	(1.09)
Net Cash used in financing activities	(22.14)	(53.66)
Net increase (decrease) in cash and cash equivalents	4.10	15.37
Cash and cash equivalents as at December 31	47.09	42.99

The company had net cash provided by operating activities for 88.59 million Baht with operational profit before asset and liabilities change in amount of 29.85 million Baht. Changes to Property and Operation liabilities were mainly due to decrease in trade receivables and current receivables for 15.82 Million Baht. Cash for Income Tax decreased for 8.46 Million Baht. Meanwhile, trade payables and current payables decreased for 3.19 Million Baht.

Cash flow of 62.35 Million Baht was used into investment activity in 2017. The company has savings which was binding as security due to submission of security certificate by the bank which decreased for 26.81 Million baht. 20.29 Million Baht was invested into equipment and tools for service. There are also cash allocated to investment in temporary low risk investment for 70.15 Million Baht.

Net cash used in financing activities for 22.14 million Baht was caused by payment in financial lease liabilities for 19. million Baht and dividend paid of 3.11 million Baht

The company had balanced cash and cash equivalent as of 31 December 2017 for 47.09 million Baht increasing for 4.10 million Baht when compared to as of 31 December 2016

#### Liquidity

	2017	2016
Current Ratio (time)	7.88	5.64
Account Receivable Turnover (time)	4.55	4.17
Average Collection Period (day)	81	88
Account Payable Turnover (time)	8.51	6.37
Average Payment Period (day)	43	58

The Company had current ratio in 2017 for 7.88 times increasing by 2.24 times from 2016 Due to the decrease in current liabilities from trade payables and other current payables and increase of current assets from temporary investment

The company had average collection period in 2017 for 81 days decreasing by 7 days from 2016 The company had collected payables from some of the default customer from 2016, causing the decrease in average collection time. The average collection time for 2017 is 43 days, 15 days smaller from 2016. This is due to goods and service provided had a condition to be paid immediately when the service or goods are delivered. This immediate payment for goods and service gave company some benefits in lower pricing and faster service.



## Responsibility Report of the Board to the Financial Report

To **shareholders of Qualitech Public Company Limited**

The company's Board of Directors are responsible for consolidated financial statements of Qualitech Public Company Limited and subsidiaries that were made under accepted accounting standards by considering suitable accounting policies that is regularly practiced and using discretion circumspectly. Information disclosure contained in the notes to the financial statements is complete and adequate for shareholders and investors benefits.

The company's auditing committee, which comprises of qualified non-management independent directors in accordance with regulations of The Securities Exchange Commission and Capital Market Supervisory Board, has provided good corporate governance, risk management and internal control system to ensure that accounting report is correct, complete, punctual and sufficient.

The audit committee had opinions that internal control and audit system of the company reliable. The consolidated financial statements of Qualitech Public Company Limited and subsidiaries for year end 31 December 2017 showed financial position, Result of the Operation, as well as cash flow correctly according to financial report standards, which the auditors have audited and given opinions in Auditor Report as included in an annual report of this year.



Mr. Natee Boonporm  
Chairman of the Board of Directors



Mr. Sannpat Rattakham  
Chief Executive Officer

## AUDITOR'S REPORT

To The Shareholders of Qualitech Public Company Limited

### Opinion

I have audited the accompanying consolidated and separate financial statements of Qualitech Public Company Limited and subsidiaries (the Group) and of Qualitech Public Company Limited (the Company), which comprise consolidated and separate statements of financial position as at December 31, 2017, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Qualitech Public Company Limited and subsidiaries and of Qualitech Public Company Limited as at December 31, 2017, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

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

As at December 31, 2017, the Company and subsidiaries have material amount of unbilled revenues from services of Baht 43.46 million in the consolidated financial statements. The calculation of unbilled services income is complicated procedure because of various rate of services fee and depending on the nature of service rendering of each contract. There are a lot of internal control document for recoding services rendering in each day which may result to the incomplete collection of such document and/or inaccurate calculation of unbilled revenue from services income. Accordingly, I have addressed as key audit matter.

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

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

### Control of equipment and tools on site work

As stated in notes 11 to financial statements, as at December 31, 2017 the Company and subsidiaries have material amount of equipment and tools of Baht 52.29 million (net of accumulated depreciation amount of Baht 130.57 million) in the consolidated financial statements. Such tools and equipment are main assets used for providing services rendering to customers since the Company and subsidiaries have many service sites and have to take such assets to perform the work at the site as stipulated by customers. Such assets, therefore, may easily lost. Accordingly, I have addressed the existing of such assets as key audit matter.

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

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

### Other Information

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

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

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

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 24, 2018

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	5	47,089,196.95	42,989,813.61	42,016,263.49	37,649,151.26
Current investment	6	117,867,695.67	47,241,567.47	92,312,386.07	16,491,828.55
Trade and other current receivables	7	82,159,915.13	98,465,425.49	77,254,341.93	96,065,687.30
Unbilled services income	8	43,460,352.05	61,744,049.97	43,676,371.18	60,568,183.15
Inventories		6,622,838.74	6,290,963.53	4,983,164.15	4,509,651.52
Total current assets		297,199,998.54	256,731,820.07	260,242,526.82	215,284,501.78
Non-current assets					
Investment in subsidiaries	9	0.00	0.00	11,668,185.00	10,249,385.00
Bank deposits with obligations	10	3,500,000.00	30,313,819.01	3,500,000.00	29,882,319.01
Property, plant and equipment	11	194,648,738.23	208,048,315.21	190,153,761.27	204,366,968.78
Other intangible assets	12	2,138,871.46	2,163,635.37	2,138,871.46	2,163,635.37
Deferred tax assets	13	1,642,199.03	0.00	1,154,145.28	0.00
Income tax deducted at source		6,298,451.95	6,150,649.97	6,298,451.95	6,150,649.97
Others non-current assets	14	404,142.27	523,651.38	404,142.27	523,651.38
Total non-current assets		208,632,402.94	247,200,070.94	215,317,557.23	253,336,609.51
Total assets		505,832,401.48	503,931,891.01	475,560,084.05	468,621,111.29

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2017

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other current payables	15	34,882,934.66	41,406,613.00	31,795,014.87	45,132,435.08
Current portion of long-term liabilities	16	2,384,371.47	3,111,848.51	2,146,993.15	2,778,443.77
Current income tax payable		441,371.98	984,838.94	0.00	0.00
Total current liabilities		37,708,678.11	45,503,300.45	33,942,008.02	47,910,878.85
Non-current liabilities					
Financial lease liabilities	16	2,181,134.72	3,623,090.02	2,159,726.02	3,364,314.83
Non-current provisions for employee benefit	17	16,027,125.01	10,833,238.01	13,932,646.00	10,791,383.00
Total non-current liabilities		18,208,259.73	14,456,328.03	16,092,372.02	14,155,697.83
Total liabilities		55,916,937.84	59,959,628.48	50,034,380.04	62,066,576.68
Shareholders' equity					
Share capital	18				
Authorized share capital					
103,468,485 common shares of Baht 1 each		103,468,485.00		103,468,485.00	
98,568,485 common shares of Baht 1 each			98,568,485.00		98,568,485.00
Issued and paid-up share capital					
98,568,485 common shares of Baht 1 each		98,568,485.00	98,568,485.00	98,568,485.00	98,568,485.00
Premium on ordinary shares		75,175,543.40	75,175,543.40	75,175,543.40	75,175,543.40
Equity-settled share-based payment reserve		5,273,407.30	4,065,188.03	5,273,407.30	4,065,188.03
Retained earnings					
Appropriated - legal reserve	19	10,346,848.50	10,000,000.00	10,346,848.50	10,000,000.00
Unappropriated	20	260,164,893.88	256,158,696.41	236,161,419.81	218,745,318.18
Total owners of the Company		449,529,178.08	443,967,912.84	425,525,704.01	406,554,534.61
Non-controlling interests		386,285.56	4,349.69	0.00	0.00
Total shareholders' equity		449,915,463.64	443,972,262.53	425,525,704.01	406,554,534.61
Total liabilities and shareholders' equity		505,832,401.48	503,931,891.01	475,560,084.05	468,621,111.29

Notes to financial statements are parts of these financial statements



## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2017	2016	2017	2016
Revenue from services		425,507,180.50	445,775,302.81	383,510,181.57	433,858,315.20
Cost of services		(324,543,423.45)	(323,807,470.59)	(300,618,905.72)	(331,571,769.54)
Gross profit		100,963,757.05	121,967,832.22	82,891,275.85	102,286,545.66
Other income					
Dividend income		0.00	0.00	19,998,800.00	0.00
Others		3,396,297.79	3,294,844.90	3,873,882.58	3,482,471.17
Administrative expenses		(73,855,161.32)	(74,634,192.27)	(66,281,667.33)	(71,350,902.59)
Finance costs		(651,805.66)	(662,690.06)	(600,446.57)	(628,237.16)
Profit before income tax expense		29,853,087.86	49,965,794.79	39,881,844.53	33,789,877.08
Tax expense	21	(3,763,906.41)	(4,924,325.84)	(1,443,972.80)	(1,812,592.61)
Profit for the year from continuing operations		26,089,181.45	45,041,468.95	38,437,871.73	31,977,284.47
Loss for the year from discontinued operations		0.00	(916,755.12)	0.00	0.00
Profit for the year		26,089,181.45	44,124,713.83	38,437,871.73	31,977,284.47
Other comprehensive income					
Components of other comprehensive income					
that will not be reclassified to profit or loss					
- Gains (losses) on remeasurements of					
defined benefit plans	17	(2,733,789.00)	943,655.00	(1,031,379.00)	873,491.00
- Income tax relating to components					
of other comprehensive income					
that will not be reclassified to profit or loss		410,636.40	0.00	70,154.40	0.00
Other comprehensive income (expense) for the year					
- net of tax		(2,323,152.60)	943,655.00	(961,224.60)	873,491.00
Total comprehensive income for the year		23,766,028.85	45,068,368.83	37,476,647.13	32,850,775.47

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Profit (loss) attributable to :				
Owners of the Company				
Profit for the year from continuing operations	26,389,759.38	45,040,255.12	38,437,871.73	31,977,284.47
Loss for the year from discontinued operations	0.00	(467,453.44)	0.00	0.00
Total	26,389,759.38	44,572,801.68	38,437,871.73	31,977,284.47
Non-controlling interests				
Profit (loss) for the year from continuing operations	(300,577.93)	1,213.83	0.00	0.00
Loss for the year from discontinued operations	0.00	(449,301.68)	0.00	0.00
Total	(300,577.93)	(448,087.85)	0.00	0.00
Grand total	26,089,181.45	44,124,713.83	38,437,871.73	31,977,284.47
Total comprehensive income (expense) attributable to :				
Owners of the Company				
Profit (loss) for the year from continuing operations	24,066,742.97	45,983,903.10	37,476,647.13	32,850,775.47
Loss for the year from discontinued operations	0.00	(467,453.44)	0.00	0.00
Total	24,066,742.97	45,516,449.66	37,476,647.13	32,850,775.47
Non-controlling interests				
Profit (loss) for the year from continuing operations	(300,714.12)	1,220.85	0.00	0.00
Loss for the year from discontinued operations	0.00	(449,301.68)	0.00	0.00
Total	(300,714.12)	(448,080.83)	0.00	0.00
Grand total	23,766,028.85	45,068,368.83	37,476,647.13	32,850,775.47
Earnings per share				
Basic earnings per share				
Profit for the year from continuing operations	0.27	0.46	0.39	0.32
Loss for the year from discontinued operations	0.00	(0.00)	0.00	0.00
Total	0.27	0.45	0.39	0.32
Weighted average number of common shares	98,568,485	98,568,485	98,568,485	98,568,485

Notes to financial statements are parts of these financial statements

QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Consolidated financial statements (Baht)											
Note	Owners of the Company										
	Issued and paid-up share capital	Share premium	Equity-settled share-based payment reserve	Retained earnings		Other components of shareholders' equity		Total owners of the Company	Non-controlling interests	Total shareholders' equity	
				Appropriated	Unappropriated	Other comprehensive income	Gains (losses) on remeasurements of defined benefit plans				
	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	259,926,492.94	0.00	447,735,709.37	542,795.58	448,278,504.95		
Beginning balance of the year 2016											
Changes in shareholders' equity for the year:											
20	Dividend paid	0.00	0.00	0.00	0.00	(39,427,394.00)	0.00	(39,427,394.00)	0.00	(39,427,394.00)	
20	Interim dividend paid	0.00	0.00	0.00	0.00	(9,856,848.50)	0.00	(9,856,848.50)	0.00	(9,856,848.50)	
	Dissolution of subsidiary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(90,368.75)	(90,368.75)	
	Total comprehensive income (expense) for the year	0.00	0.00	0.00	0.00	44,572,801.68	943,644.29	45,516,445.97	(448,077.14)	45,068,368.83	
Ending balance of the year 2016											
Changes in shareholders' equity for the year:											
	Common shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	683,849.99	683,849.99	
	Share-based payment	0.00	0.00	1,208,219.27	0.00	0.00	0.00	1,208,219.27	0.00	1,208,219.27	
	Legal reserve	0.00	0.00	0.00	346,848.50	(346,848.50)	0.00	0.00	0.00	0.00	
20	Dividend paid	0.00	0.00	0.00	0.00	(14,785,272.75)	0.00	(14,785,272.75)	0.00	(14,785,272.75)	
20	Interim dividend paid	0.00	0.00	0.00	0.00	(4,928,424.25)	0.00	(4,928,424.25)	(1,200.00)	(4,929,624.25)	
	Total comprehensive income (expense) for the year	0.00	0.00	0.00	0.00	26,389,759.38	(2,323,016.41)	24,066,742.97	(300,714.12)	23,766,028.85	
Ending balance of the year 2017											

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Separate financial statements (Baht)											
Note		Issued and paid-up share capital	Share premium	Equity-settled share-based payment reserve	Retained earnings		Other components of shareholders' equity		Total shareholders' equity		
					Appropriated	Unappropriated	Other comprehensive income	Gains (losses) on remeasurements of defined benefit plans			
	Beginning balance of the year 2016	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	235,178,785.21	0.00	0.00	422,988,001.64		
	Changes in shareholders' equity for the year:										
▶	Dividend paid	20	0.00	0.00	0.00	0.00	(39,427,394.00)	0.00	0.00	(39,427,394.00)	
▶	Interim dividend paid	20	0.00	0.00	0.00	0.00	(9,856,848.50)	0.00	0.00	(9,856,848.50)	
	Total comprehensive income for the year		0.00	0.00	0.00	0.00	31,977,284.47	873,491.00	873,491.00	32,850,775.47	
	Ending balance of the year 2016	98,568,485.00	75,175,543.40	4,065,188.03	10,000,000.00	217,871,827.18	873,491.00	873,491.00	406,554,534.61		
	Changes in shareholders' equity for the year:										
	Share-based payment		0.00	1,208,219.27	0.00	0.00	0.00	0.00	0.00	1,208,219.27	
	Legal reserve		0.00	0.00	0.00	346,848.50	(346,848.50)	0.00	0.00	0.00	
▶	Dividend paid	20	0.00	0.00	0.00	0.00	(14,785,272.75)	0.00	0.00	(14,785,272.75)	
▶	Interim dividend paid	20	0.00	0.00	0.00	0.00	(4,928,424.25)	0.00	0.00	(4,928,424.25)	
	Total comprehensive income (expense) for the year		0.00	0.00	0.00	0.00	38,437,871.73	(961,224.60)	(961,224.60)	37,476,647.13	
	Ending balance of the year 2017	98,568,485.00	75,175,543.40	5,273,407.30	10,346,848.50	236,249,153.41	(87,733.60)	(87,733.60)	(87,733.60)	425,525,704.01	

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before income tax expense	29,853,087.86	49,965,794.79	39,881,844.53	33,789,877.08
Loss from discontinued operations	0.00	(916,755.12)	0.00	0.00
Adjustments				
Unrealized gain on changes in investment valuation	(480,360.65)	(184,345.45)	(287,808.54)	(2,794.52)
Unrealized (gain) loss on exchange rate	691.10	(4,367.08)	691.10	(4,367.08)
Doubtful accounts	847,335.24	2,877,723.99	847,335.24	2,877,723.99
Decrease in unbilled service income	17,920,497.92	6,234,406.26	16,528,611.97	5,136,731.26
Loss on sale of investment in subsidiary	0.00	0.00	0.00	925,804.76
Depreciation	30,835,034.94	30,882,558.42	29,812,682.70	30,323,166.03
(Gain) Loss on disposal of fixed assets	(811,823.86)	130,658.67	(906,260.67)	134,819.94
Loss on impairment of assets	88,289.12	0.00	88,289.12	0.00
Reversed loss on impairment of assets	0.00	(10,067.35)	0.00	(10,067.35)
Amortized other intangible assets	334,553.91	299,411.47	334,553.91	299,411.47
Write off income tax deducted at source	0.00	322,671.53	0.00	322,671.53
Employee benefits	3,242,398.27	1,182,105.75	2,926,228.27	1,286,930.75
Dividend income	0.00	0.00	(19,998,800.00)	0.00
Interest expenses	651,805.66	662,690.06	600,446.57	628,237.16
	82,481,509.51	91,442,485.94	69,827,814.20	75,708,145.02
(Increase) Decrease in portion of operating assets				
Trade and other current receivables	15,820,684.02	3,717,295.59	19,666,119.03	(3,690,854.51)
Inventories	(331,875.21)	5,816,190.64	(473,512.63)	5,100,621.23
Other intangible assets	(309,790.00)	0.00	(309,790.00)	0.00
Other non-current assets	31,219.99	(92,473.11)	31,219.99	(92,473.11)
Increase (Decrease) in portion of operating liabilities				
Trade and other current payables	(3,188,266.92)	(21,940,319.14)	(10,743,294.09)	(15,871,489.52)
Cash generated (paid) from operation	94,503,481.39	78,943,179.92	77,998,556.50	61,153,949.11
Employee benefit paid	0.00	(5,122,000.00)	0.00	(5,122,000.00)
Interest paid	(225,886.66)	(312,496.81)	(208,571.57)	(278,935.91)
Income tax paid	(8,457,914.16)	(9,667,201.75)	(5,446,941.84)	(5,192,066.40)
Income tax received	2,771,176.18	6,270,514.24	2,771,176.18	6,270,514.24
<b>Net cash provided by (used in) operating activities</b>	<b>88,590,856.75</b>	<b>70,111,995.60</b>	<b>75,114,219.27</b>	<b>56,831,461.04</b>

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
(Increase) Decrease in current investment	(70,145,767.55)	65,861,518.22	(75,532,748.98)	80,866,518.22
Payments for acquire of ordinary share of subsidiary	0.00	0.00	(2,758,400.00)	0.00
Dividend received from subsidiary	0.00	0.00	19,998,800.00	0.00
(Increase) Decrease in pledged bank deposit	26,813,819.01	356,105.48	26,382,319.01	(806,644.52)
Proceeds from sales of fixed assets	1,271,861.68	10,300.00	1,198,216.82	0.00
Payments for fixed assets acquisition	(20,292,907.20)	(67,318,004.31)	(17,547,557.46)	(66,691,247.36)
<b>Net cash provided by (used in) investing activities</b>	<b>(62,352,994.06)</b>	<b>(1,090,080.61)</b>	<b>(48,259,370.61)</b>	<b>13,368,626.34</b>
<b>Cash flows from financing activities</b>				
Decrease in financial lease liabilities	(3,107,432.34)	(4,371,809.29)	(2,774,039.43)	(4,001,006.19)
Dividend paid	(19,714,897.00)	(49,284,242.50)	(19,713,697.00)	(49,284,242.50)
Proceeds from non-controlling interests	683,849.99	0.00	0.00	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(22,138,479.35)</b>	<b>(53,656,051.79)</b>	<b>(22,487,736.43)</b>	<b>(53,285,248.69)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,099,383.34</b>	<b>15,365,863.20</b>	<b>4,367,112.23</b>	<b>16,914,838.69</b>
<b>Cash and cash equivalents as at January 1</b>	<b>42,989,813.61</b>	<b>27,623,950.41</b>	<b>37,649,151.26</b>	<b>20,734,312.57</b>
<b>Cash and cash equivalents as at December 31</b>	<b>47,089,196.95</b>	<b>42,989,813.61</b>	<b>42,016,263.49</b>	<b>37,649,151.26</b>

Notes to financial statements are parts of these financial statements

## QUALITECH PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

**1. GENERAL INFORMATION**

- 1.1 The Company was registered as a company limited on February 11, 1991, with registration No. 0105534013647 and on December 12, 2007, the Company has changed its status to public company limited with registration No. 0107550000220 and is listed company in the Market for Alternative Investment (MAI) on June 9, 2009.
- 1.2 Head office is located at 21/3 Banplong Road, Maptaphut, Muang, Rayong and three branches office are located at 1/37 Moo 1, Nongchak, Banbueng, Chonburi, at 50, Soi Pattanakam 57, Prawet, Bangkok, and at 83/50 Moo 10, Nongkham, Siracha, Chonburi.
- 1.3 The Company engaged in business of provides the technical services testing, inspection and certification for operation safety of industry equipment, pressure vessel, industrial boiler, piping and steel structures which is important for the production process, storage, transport of the products in power generating, petrochemical industry and construction to comply with industrial standard and the government laws.

**2. PREPARATION OF FINANCIAL STATEMENTS BASIS**

- 2.1 The Group's financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP) and the regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed form should be included in the financial statements (No. 2) B.E. 2559 dated October 11, 2016.

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

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

## 3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

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

	Registration in	Percentage of investment %		Type of business
		2017	2016	
QLT International Company Limited	Thailand	99.99	99.99	Providing engineering services, inspection and testing of agricultural crops in both Thailand and overseas and engage in relevant business
Qualitech Myanmar Company Limited	Republic of the Union of Myanmar	80.00	0.00	Providing safety engineering services in Myanmar and engage in relevant business



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

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

#### 4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Income and Expenses Recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

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

##### 4.2 Cash and Cash Equivalents

Cash and cash equivalents included cash on hand and at bank of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

##### 4.3 Investments

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

#### 4.4 Trade and Other Receivables

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

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

#### 4.5 Inventory

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

#### 4.6 Property, Plant and Equipment

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

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

The estimated useful lives of the assets are as follows :

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

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

Land and assets under construction were not depreciated.

#### 4.7 Intangible Assets

Intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is determined on a straight-line basis 10 years.

#### 4.8 Impairment of Assets

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

#### 4.9 Transactions in Foreign Currencies

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

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

#### 4.10 Financial Instruments

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

#### 4.11 Long-Term Lease Agreement

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

#### 4.12 Employee Benefits

##### 4.12.1 Provident Fund

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

##### 4.12.2 Post-Employee Benefits

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

#### 4.13 Income Tax and Deferred tax

1. Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income

- Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
  - Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized if it is probable that they will not utilize in the foreseeable future.
2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
  3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.
  4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
  5. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.14 Provisions

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

#### 4.15 Measurement of fair values

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

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

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

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

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

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

#### 4.16 Significant accounting judgements and estimates

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

##### **Allowance for doubtful accounts**

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

##### **Allowance for diminution in value of inventory**

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

##### **Property, plant and equipment/Depreciation**

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

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

##### **Intangible assets**

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

### Leases

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

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

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

#### 4.17 Earnings per Share

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

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

## 5. ADDITION DISCLOSURE OF STATEMENTS OF CASH FLOWS

### 5.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Cash	902,127.24	766,266.85	710,685.83	726,266.85
Cash at bank - current accounts	36,524.08	34,000.00	34,000.00	34,000.00
Cash at bank - savings deposit	46,150,545.63	42,189,546.76	41,271,577.66	36,888,884.41
Total	47,089,196.95	42,989,813.61	42,016,263.49	37,649,151.26



## 5.2 Non-cash transaction

For the year 2017

## Parent company

1) The Company entered into hire purchase vehicles agreement of Baht 1.25 million which was already made the initial installment in the amount of Baht 0.31 million. The remaining is presented as financial lease liabilities.

2) The Company has the outstanding for fixed assets acquisition amount of Baht 0.54 million which is presented as other current payables.

For the year 2016

## Parent company

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

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

## Subsidiary

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

## 6. CURRENT INVESTMENT

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Investment in open-end fund :-				
KTPLUS	52,781,801.33	15,002,794.52	27,231,676.27	15,002,794.52
TMBTHANAPLUS	45,012,735.38	0.00	45,012,735.38	0.00
KTSTPLUS - A	20,067,974.42	0.00	20,067,974.42	0.00
Aberdeen Cash Creation Fund	0.00	30,744,702.22	0.00	0.00
K-CBOND	5,184.54	5,036.70	0.00	0.00
Total investment in				
open-end fund	117,867,695.67	45,752,533.44	92,312,386.07	15,002,794.52
Cash at bank-fixed deposit 6 months	0.00	1,489,034.03	0.00	1,489,034.03
Total	117,867,695.67	47,241,567.47	92,312,386.07	16,491,828.55

Such fund invested in debt securities which had minimal risk.

**7. TRADE AND OTHER CURRENT RECEIVABLES**

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Trade accounts receivable	88,919,241.07	106,263,491.98	83,661,294.64	104,193,136.57
Other current receivables	10,302,884.23	8,780,008.44	10,655,257.46	8,450,625.66
Total	99,222,125.30	115,043,500.42	94,316,552.10	112,643,762.23
Less Allowance for doubtful accounts				
- Trade accounts receivable	(17,062,210.17)	(16,578,074.93)	(17,062,210.17)	(16,578,074.93)
Net	82,159,915.13	98,465,425.49	77,254,341.93	96,065,687.30

Billed trade accounts receivable separated on aging are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Undue trade accounts receivable	42,526,655.79	62,711,873.99	39,593,777.80	60,641,518.58
Overdue trade accounts receivable				
- Less than 3 months	27,660,456.45	25,696,963.97	25,502,631.54	25,696,963.97
- Over 3 months to 6 months	1,752,052.18	1,338,749.53	1,584,808.65	1,338,749.53
- Over 6 months to 9 months	321,730.47	163,624.40	321,730.47	163,624.40
- Over 9 months to 12 months	0.00	936,417.67	0.00	936,417.67
- Over 12 months	16,658,346.18	15,415,862.42	16,658,346.18	15,415,862.42
Total	88,919,241.07	106,263,491.98	83,661,294.64	104,193,136.57

**8. UNBILLED SERVICES INCOME**

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Unbilled services income	43,823,552.05	61,744,049.97	44,039,571.18	60,568,183.15
Less Allowance for doubtful accounts	(363,200.00)	0.00	(363,200.00)	0.00
Net	43,460,352.05	61,744,049.97	43,676,371.18	60,568,183.15

## 9. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital	Percentage of shareholding		Separate financial statements (Baht)		Separate financial statements (Baht)	
				2017	2016	2017	2016	2017	2016
QLT International Company Limited	Providing engineering services, inspection and testing of agricultural crops in both Thailand and oversea and engage in relevant business	The Company held 99.99% share capital, director and management have common-shareholding	10,250,000 Baht	99.99	99.99	10,249,385.00	10,249,385.00	19,998,800.00	0.00
Qualitech Myanmar Company Limited	Providing safety engineering services in Myanmar and engage in relevant business	The Company held 80.00% share capital have common director and management	50,000 USD	80.00	0.00	1,418,800.00	0.00	0.00	0.00
Total						11,668,185.00	10,249,385.00	19,998,800.00	0.00

9.1 On January 27, 2017, the Company has made payment for acquisition of investment in ordinary shares of Qualitech Myanmar Company Limited in the amount of USD 40,000 (400 ordinary shares at par value of USD 100

each) or equal to the percentage of investment at 80% of the issued and paid-up share capital.

9.2 According to the minutes of Board of Directors' meeting No.6/2017 held on August 9, 2017, passed the resolution to increase the registered share capital of Qualitech Myanmar Company Limited from USD 50,000 to USD

200,000 USD by issuing 1,500 ordinary shares at par value of USD 100 each. During the year, subsidiary has already received the payment for such share capital amount of USD 50,000. At present, the subsidiary has not yet registered such increase share capital.

9.3 The financial statements for the year ended December 31, 2017 and 2016 of above subsidiaries have been taken for preparing the consolidated financial statements were audited by the auditor.

## 10. BANK DEPOSIT WITH OBLIGATIONS

As at December 31, 2017 and 2016, the Company has deposits at a bank amount of Baht 3.50 million and Baht 30.31 million in the consolidated financial statements and Baht 3.50 million and Baht 29.88 million in the separate financial statements respectively which are mortgaged as collateral against contingent liabilities from bank's issuance of letter of guarantee (note 29).

## 11. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Baht)										
	Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :										
As at December 31, 2015	45,505,000.00	33,062,717.99	11,050,084.70	8,651,203.37	154,220,287.00	13,695,833.04	1,291,122.36	57,747,636.80	2,673,748.19	327,897,633.45
Acquisition	250,000.00	23,789,140.53	6,578,756.00	1,989,139.55	33,297,449.45	2,605,105.75	358,686.00	3,104,200.00	0.00	71,972,477.28
Disposal	0.00	0.00	0.00	(162,878.24)	(7,615,320.49)	(564,747.20)	0.00	(318,074.21)	(21,287.19)	(8,682,307.33)
Inter-transaction transfer	2,130,000.00	0.00	516,799.00	5,662.00	0.00	0.00	0.00	0.00	(2,652,461.00)	0.00
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,483,126.68	179,902,415.96	15,736,191.59	1,649,808.36	60,533,762.59	0.00	391,187,803.40
Acquisition	96,180.48	0.00	1,443,892.24	805,857.37	10,393,311.88	2,519,338.39	576,875.42	2,060,040.00	0.00	17,895,495.78
Disposal	0.00	0.00	0.00	(96,846.70)	(7,436,046.55)	(1,256,544.84)	0.00	(3,343,201.68)	0.00	(12,132,639.77)
As at December 31, 2017	47,981,180.48	56,851,858.52	19,589,531.94	11,192,137.35	182,859,681.29	16,998,985.14	2,226,683.78	59,250,600.91	0.00	396,950,659.41
Accumulated depreciation :										
As at December 31, 2015	0.00	10,285,876.02	2,507,486.90	6,263,706.54	104,430,684.67	9,808,291.53	1,291,118.36	26,053,368.96	0.00	160,640,532.98
Depreciation for the year	0.00	1,796,058.00	583,583.17	1,236,371.14	21,298,130.95	2,141,583.40	3,136.04	3,892,586.50	0.00	30,951,449.20
Depreciation - write off	0.00	0.00	0.00	(148,764.95)	(7,447,796.78)	(553,292.02)	0.00	(302,640.24)	0.00	(8,452,493.99)
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,351,312.73	118,281,018.84	11,396,582.91	1,294,254.40	29,643,315.22	0.00	183,139,488.19
Depreciation for the year	0.00	2,842,592.43	1,020,854.60	1,080,193.76	19,473,589.59	2,465,559.24	133,490.93	3,818,754.19	0.00	30,835,034.74
Depreciation - write off	0.00	0.00	0.00	(90,680.98)	(7,185,024.99)	(1,260,206.53)	0.00	(3,136,689.25)	0.00	(11,672,601.75)
As at December 31, 2017	0.00	14,924,526.45	4,111,924.67	8,340,825.51	130,569,583.44	12,601,935.62	1,427,745.33	30,325,380.16	0.00	202,501,921.18
Net book value										
As at December 31, 2016	47,885,000.00	44,769,924.50	15,054,569.63	3,131,813.95	61,621,397.12	4,339,608.68	355,553.96	30,890,447.37	0.00	208,048,315.21
As at December 31, 2017	47,981,180.48	41,927,332.07	15,477,607.27	2,851,311.84	52,290,097.85	4,397,049.52	798,938.45	28,925,220.75	0.00	194,648,738.23

## 11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Separate financial statements (Baht)									
Land	Building	Building improvement	Office furniture and fixtures	Tools and technical equipment	Office equipment	Utilities system	Vehicles	Assets under construction	Total
Assets - cost :									
As at December 31, 2015	45,505,000.00	33,062,717.99	11,050,084.70	8,546,780.86	153,342,223.35	13,073,399.04	1,291,122.36	2,673,748.19	324,011,313.29
Acquisition	250,000.00	23,789,140.53	6,578,756.00	1,881,687.52	31,985,676.27	2,412,301.26	358,686.00	3,104,200.00	70,360,447.58
Disposal	0.00	0.00	0.00	(148,740.20)	(7,475,180.44)	(527,262.44)	0.00	(318,074.21)	(8,490,544.48)
Inter-transaction transfer	2,130,000.00	0.00	516,799.00	5,662.00	0.00	0.00	0.00	(2,652,461.00)	0.00
As at December 31, 2016	47,885,000.00	56,851,858.52	18,145,639.70	10,285,390.18	177,852,719.18	14,958,437.86	1,649,808.36	0.00	385,881,216.39
Acquisition	96,180.48	0.00	1,159,747.71	612,037.57	9,742,099.07	2,233,451.09	576,875.42	0.00	15,891,431.34
Disposal	0.00	0.00	0.00	(96,846.70)	(7,436,046.55)	(1,252,644.84)	0.00	(3,043,201.68)	(11,828,739.77)
As at December 31, 2017	47,981,180.48	56,851,858.52	19,305,387.41	10,800,581.05	180,158,771.70	15,939,244.11	2,226,683.78	0.00	389,943,907.96
Accumulated depreciation :									
As at December 31, 2015	0.00	10,285,876.02	2,507,486.90	6,241,072.69	104,168,487.83	9,426,666.94	1,291,118.36	0.00	159,546,806.12
Depreciation for the year	0.00	1,796,058.00	583,583.17	1,212,961.43	21,090,922.39	1,988,059.49	3,136.04	0.00	30,323,166.03
Depreciation - write off	0.00	0.00	0.00	(144,499.51)	(7,387,686.66)	(520,898.13)	0.00	(302,640.24)	(8,355,724.54)
As at December 31, 2016	0.00	12,081,934.02	3,091,070.07	7,309,534.61	117,871,723.56	10,893,828.30	1,294,254.40	0.00	181,514,247.61
Depreciation for the year	0.00	2,842,592.43	934,192.78	1,005,951.63	18,983,479.96	2,342,711.72	133,490.93	0.00	29,812,682.70
Depreciation - write off	0.00	0.00	0.00	(90,680.98)	(7,185,024.99)	(1,259,402.10)	0.00	(3,001,675.55)	(11,536,783.62)
As at December 31, 2017	0.00	14,924,526.45	4,025,262.85	8,224,805.26	129,670,178.53	11,977,137.92	1,427,745.33	0.00	199,790,146.69
Net book value									
As at December 31, 2016	47,885,000.00	44,769,924.50	15,054,569.63	2,975,855.57	59,980,995.62	4,064,609.56	355,553.96	0.00	204,366,968.78
As at December 31, 2017	47,981,180.48	41,927,332.07	15,280,124.56	2,575,775.79	50,488,593.17	3,962,106.19	798,938.45	0.00	190,153,761.27

## 11.1 Tools and technical equipment as at December 31, 2017 and 2016 are as follows :

## 11.1.1 Tools and technical equipment as at December 31, 2017

(Unit : Baht)

		<b>Accumulated</b>	
<b>Assets acquired</b>	<b>Cost</b>	<b>depreciation</b>	<b>Net cost</b>
Depreciation by straight-line method			
- Before October 23, 1999	1,094,861.17	(1,094,825.17)	36.00
- 2004 until present	79,336,481.98	(47,636,926.56)	31,699,555.42
Depreciation by double-declining balance method			
- Before October 23, 1999 to 2003	2,151,097.75	(2,151,061.75)	36.00
- 2006 until present	97,576,330.80	(78,787,365.05)	18,788,965.75
Total	180,158,771.70	(129,670,178.53)	50,488,593.17

## 11.1.2 Tools and technical equipment as at December 31, 2016

(Unit : Baht)

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

Depreciation for the year ended December 31, 2017 and 2016 were Baht 18.98 million and Baht 21.09 million respectively.

11.2 As at December 31, 2017 and 2016, land and building at cost of Baht 36.43 million and Baht 36.42 million respectively in the consolidated and separate financial statements are mortgaged as collateral against overdrafts line amount of Baht 30 million and letter of guarantee line amount of Baht 30 million.

**12. OTHER INTANGIBLE ASSETS**

	<b>Consolidated and</b>	
	<b>Separate financial statements (Baht)</b>	
	<b>2017</b>	<b>2016</b>
	<b>Computer software</b>	
Intangible assets - cost :		
Beginning balance	2,994,117.50	2,994,117.50
Increase	309,790.00	0.00
Ending balance	3,303,907.50	2,994,117.50
Accumulated amortization :		
Beginning balance	830,482.13	531,070.66
Amortization for the year	334,553.91	299,411.47
Ending balance	1,165,036.04	830,482.13
Net intangible assets value		
Beginning balance	2,163,635.37	2,463,046.84
Ending balance	2,138,871.46	2,163,635.37

**13. DEFERRED TAX ASSETS**

	<b>Consolidated financial statements (Baht)</b>			
	As at December	Recognize as (expenses) income		As at December
	31, 2016	profit or loss (Note 21.2)	Other comprehensive income (Note 21.4)	31, 2017
Trade accounts receivable				
(allowance for doubtful accounts)	0.00	254,530.70	0.00	254,530.70
Inventories (allowance for				
devaluation of inventories)	0.00	21,073.95	0.00	21,073.95
Provisions for employee benefit	0.00	955,957.98	410,636.40	1,366,594.38
Total	0.00	1,231,562.63	410,636.40	1,642,199.03

**13. DEFERRED TAX ASSETS (Cont'd)**

	Separate financial statements (Baht)			
	As at December	Recognize as (expenses) income		As at December
	31, 2016	profit or loss (Note 21.2)	Other comprehensive income (Note 21.4)	31, 2017
Trade accounts receivable				
(allowance for doubtful accounts)	0.00	206,446.70	0.00	206,446.70
Provisions for employee benefit	0.00	877,544.18	70,154.40	947,698.58
Total	0.00	1,083,990.88	70,154.40	1,154,145.28

**14. OTHER NON-CURRENT ASSETS**

	Consolidated and Separate financial statements (Baht)	
	2017	2016
Deposit receivable under contract	4,026,705.80	4,146,214.91
Others	90,036.46	1,747.34
Total	4,116,742.26	4,147,962.25
Less Allowance for doubtful accounts	(3,622,564.07)	(3,622,564.07)
Provision for impairment of assets	(90,035.92)	(1,746.80)
Net	404,142.27	523,651.38

**15. TRADE AND OTHER CURRENT PAYABLES**

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Trade accounts payable	8,629,783.52	9,464,576.13	9,087,653.51	16,394,804.92
Other current payables				
Accrued expenses	20,393,931.75	22,828,581.51	17,072,039.69	20,495,278.59
Assets payables	629,240.20	3,964,651.62	542,998.20	3,137,124.32
Others	5,229,979.19	5,148,803.74	5,092,323.47	5,105,227.25
Total	34,882,934.66	41,406,613.00	31,795,014.87	45,132,435.08



## 16. FINANCIAL LEASE LIABILITIES

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Hire purchase payable	4,565,506.19	6,734,938.53	4,306,719.17	6,142,758.60
Less Current portion of long-term liabilities	(2,384,371.47)	(3,111,848.51)	(2,146,993.15)	(2,778,443.77)
Net	2,181,134.72	3,623,090.02	2,159,726.02	3,364,314.83

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Vehicles	15,508,000.00	20,366,000.00	14,310,000.00	18,389,000.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Within 1 year	2,527,354.00	3,225,251.00	2,283,958.00	2,874,543.00
Over 1 year less than 3 years	2,105,771.00	3,522,383.00	2,085,488.00	3,258,704.00
Over 3 years less than 5 years	150,228.00	350,854.00	150,228.00	350,854.00
Total	4,783,353.00	7,098,488.00	4,519,674.00	6,484,101.00
Less Future interest expenses of financial lease	(217,846.81)	(363,549.47)	(212,954.83)	(341,342.40)
Present value of financial lease liabilities	4,565,506.19	6,734,938.53	4,306,719.17	6,142,758.60

**17. PROVISION FOR EMPLOYEE BENEFIT**

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

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

The statement of financial position obligation was determined as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Present value of obligations	16,027,125.01	10,833,238.01	13,932,646.00	10,791,383.00

Movement in the present value of the employee benefit obligations

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
As at January 1,	10,833,238.01	15,366,594.01	10,791,383.00	15,150,642.00
Benefits paid	0.00	(5,122,000.00)	0.00	(5,122,000.00)
Current service costs and interest	2,460,098.00	1,532,299.00	2,109,884.00	1,636,232.00
Actuarial losses (gains)	2,733,789.00	(943,655.00)	1,031,379.00	(873,491.00)
As at December 31,	16,027,125.01	10,833,238.01	13,932,646.00	10,791,383.00

Expense recognized in profit or loss

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current service costs	2,034,179.00	1,182,105.75	1,718,009.00	1,286,930.75
Interest on obligation	425,919.00	350,193.25	391,875.00	349,301.25
Total	2,460,098.00	1,532,299.00	2,109,884.00	1,636,232.00

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

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2017	2016	2017	2016
Cost of services	977,400.00	83,055.42	977,400.00	83,055.42
Administrative expenses	1,056,779.00	1,099,050.33	740,609.00	1,203,875.33
Finance costs	425,919.00	350,193.25	391,875.00	349,301.25
Total	2,460,098.00	1,532,299.00	2,109,884.00	1,636,232.00

Actuarial losses (gains) recognized in other comprehensive income.

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2017	2016	2017	2016
Included in retained earnings :				
As a January 1	(374,992.00)	568,663.00	(267,879.42)	605,611.58
Recognized during the year	2,733,789.00	(943,655.00)	1,031,379.00	(873,491.00)
As at December 31	2,358,797.00	(374,992.00)	763,499.58	(267,879.42)

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

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
	2017	2016	2017	2016
Discount rate	2.88	2.86	2.88	2.86
Salary increase rate	6.60	6.10	6.60	6.10

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

## Sensitivity analysis

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

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
Defined benefit obligation				
as at December 31, 2017	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(1,029,654.00)	1,145,061.00	(1,017,053.00)	1,130,505.00
Salary increase rate (0.5% movement)	1,071,443.00	(977,285.00)	1,057,964.00	(965,404.00)
Mortality rate (0.5% movement)	(7,299.00)	7,303.00	(7,238.00)	7,242.00
Turnover rate (10% movement)	(1,013,944.00)	1,169,446.00	(995,252.00)	1,146,641.00

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

## 18. SHARE CAPITAL

## For the year 2017

According to the annual general shareholders' meeting for the year 2017 held on April 5, 2017, the shareholders passed the resolution as follows :

- 1) Issue the ESOP-W2 warrants for 4.90 million units at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 7.30 each. The exercise period is 3 years from the date of issuance and offering (in the 1st year can be exercised right not exceed 20% the 2nd year can be exercised right not exceed 70% and the remaining can be exercised in the 3rd year). The exercise right will be made on the 15th of March and September. The first exercise right commenced on September 15, 2018 and the last exercise right is on June 14, 2020 and the Company has already issued such warrants on June 15, 2017.
- 2) Increase the registered share capital for reserve the exercised ESOP-W2 from Baht 98.57 million to Baht 103.47 million by issuing 4.90 million ordinary shares at par value of Baht 1 each. The Company has registered the increase share capital with the Ministry of Commerce on May 1, 2017.

**For the year 2016**

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

**19. LEGAL RESERVE**

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

**20. DIVIDEND PAID****For the year 2017****Parent company**

According to the annual general shareholders' meeting for the year 2017 held on April 5, 2017, the shareholders passed the resolution to pay dividend from profit for the year 2016 to the shareholders at Baht 0.25 per share, total amount of Baht 24.64 million by making interim dividend payment at Baht 0.10 per share amount of Baht 9.86 million, thus, the remaining annual dividend payment at Baht 0.15 per share for 98.57 million ordinary shares, total amount of Baht 14.78 million. During the year, the Company has fully paid such dividend.

According to the minutes of Board of Directors' meeting No. 6/2017 held on August 9, 2017, passed the resolution to pay dividend from the result of six-months profit for the year 2017 to the shareholders at Baht 0.05 per share total amount of Baht 4.93 million. During the year, the Company has fully paid such dividend.

**Subsidiaries**

According to the minutes of Board of Directors' meeting No. 1/2017 held on September 1, 2017, passed the resolution to pay dividend from operating profit to the shareholders at Baht 100 per share total amount of Baht 20 million. During the year, the subsidiary has fully paid such dividend.

**For the year 2016****Parent company**

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

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

**21. INCOME TAX****21.1 The calculation of current income taxes**

For the year 2017 and 2016, the Company and its subsidiaries calculated corporate income tax at the rate of 20% of profit (loss) before deducting with tax expenses for the year and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted profit derived from promoted activities (note 26).

**21.2 Income tax recognized in profit or loss**

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Current income tax</b>				
For the current year	4,995,469.04	4,924,325.84	2,527,963.68	1,812,592.61
<b>Deferred tax</b>				
Changes in temporary				
differences	(1,231,562.63)	0.00	(1,083,990.88)	0.00
<b>Total income tax</b>	<b>3,763,906.41</b>	<b>4,924,325.84</b>	<b>1,443,972.80</b>	<b>1,812,592.61</b>

## 21.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Profit before income tax	29,853,087.86	49,965,794.79	39,881,844.53	33,789,877.08
Income tax rate (%)	20	20	20	20
Income tax	5,970,617.57	9,993,158.96	7,976,368.90	6,757,975.42
Prohibited taxable expenses	(54,291.20)	1,087,181.68	(47,925.00)	1,086,368.88
Additional taxable expenses	(416,421.00)	(1,780,172.63)	(416,421.00)	(1,678,710.37)
Exempted income	0.00	0.00	(3,999,760.00)	0.00
Promoted profit	(2,068,290.10)	(4,353,041.31)	(2,068,290.10)	(4,353,041.32)
Cancel investment promotional privileges	0.00	162,380.40	0.00	0.00
Profit (Loss) for the year in subsidiaries	332,291.14	(185,181.25)	0.00	0.00
Total income tax	3,763,906.41	4,924,325.85	1,443,972.80	1,812,592.61
Income tax rate (%)	13	10	4	5

## 21.4 Income tax recognized in other comprehensive income

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
(Gains) losses on remeasurement of defined benefit plans				
Before income tax	2,733,789.00	0.00	1,031,379.00	0.00
Tax expense (income)	(410,636.40)	0.00	(70,154.40)	0.00
Net from income tax	2,323,152.60	0.00	961,224.60	0.00

## 22. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

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

### 22.1 General information

Name	Relationship	Description	Pricing policy
Related persons			
Mr. Sumet Techachainiran	The Company's director and shareholder	Guarantee	Non-service charge
Ms. Yanakorn Rattakham	The Company's director and shareholder's daughter	Rental	At agreed price
Subsidiary companies			
QLT International Company Limited	The Company held 99.99% share capital, director and management have common shareholding	Income - wages	Close to market value
		Income - rental	At agreed price
		Income - management service fee	At agreed price
		Wages	At agreed price
		Materials supply	At agreed price
Qualitech Myanmar Company Limited	The Company held 80% share capital, have director and management	Income - wages	Close to market value



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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
QLT International Company Limited				
Trade and other current receivables	0.00	0.00	72,893.00	54,688.00
Unbilled services income	0.00	0.00	530,691.59	37,383.18
Trade and other current payables	0.00	0.00	2,564,280.31	7,632,550.54
Qualitech Myanmar Company Limited				
Unbilled services income	0.00	0.00	648,800.00	0.00
Ms. Yanakom Rattakham				
Trade and other current payables	0.00	44,000.00	0.00	0.00

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
QLT International Company Limited				
Other income - rental	0.00	0.00	238,323.37	172,396.26
Other income - management fee	0.00	0.00	724,299.08	448,598.16
Cost of services - wages	0.00	0.00	8,763,234.15	24,155,083.21
Cost of services - material supply	0.00	0.00	1,515,264.00	2,624,646.00
QLT International Company Limited				
Service income - wages	0.00	0.00	648,800.00	0.00
Ms. Yanakom Rattakham				
Cost of services - rental	280,210.47	40,000.00	0.00	0.00

### 23. DIRECTORS' REMUNERATION

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

### 24. MANAGEMENT BENEFIT EXPENSES

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

### 25. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2017	2016	2017	2016
Employee benefit expenses	228,694,269.37	223,303,065.17	205,567,573.52	214,981,957.18
Depreciation	30,835,034.94	30,951,449.20	29,812,682.70	30,323,166.03
Supplies used	31,132,962.31	28,974,120.90	24,454,922.68	28,752,210.22
Contractor wage	32,752,005.76	38,578,720.03	40,699,614.51	55,508,853.24
Travelling and accommodation expenses	13,777,457.97	14,061,492.46	10,856,716.69	12,849,018.06
Office expenses	10,119,463.75	8,989,552.34	9,398,136.12	8,739,410.44
Fee and consulting fee	3,719,181.07	3,722,166.59	3,354,238.25	3,577,706.72
Repairs and maintenance expenses	4,435,558.45	3,898,595.00	4,322,835.98	3,590,033.96
Directors' remuneration	2,298,100.00	2,648,300.00	2,298,100.00	2,648,300.00
Management benefit expenses	24,123,150.68	28,602,025.55	21,142,254.66	26,352,025.55

## 26. PROMOTIONAL PRIVILEGES

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

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

26.1.2 To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings derives from the promoted activity. In the case where a loss has been incurred during the period of receiving exemption, the annual loss was granted permission to deduct with net profit accrued after the expiration of the period of exemption of income tax for a period of 5 years.

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

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

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

26.3 The results of operation of the Company and subsidiaries for the year ended December 31, 2017 and 2016 separated into promoted business and non-promoted business as follows:

	Consolidated financial statements (Baht)					
	Promoted business		Non-promoted business		Total	
	2017	2016	2017	2016	2017	2016
Services income	250,024,364.21	304,796,066.40	175,482,816.29	140,979,236.41	425,507,180.50	445,775,302.81
Cost of services	(197,392,159.88)	(228,001,795.74)	(127,151,263.57)	(95,805,674.85)	(324,543,423.45)	(323,807,470.59)
Gross profit	52,632,204.33	76,794,270.66	48,331,552.72	45,173,561.56	100,963,757.05	121,967,832.22
Other income	1,494.96	0.00	3,394,802.83	3,294,844.90	3,396,297.79	3,294,844.90
Administrative expenses	(43,973,702.44)	(52,392,967.77)	(29,881,458.88)	(22,241,224.50)	(73,855,161.32)	(74,634,192.27)
Finance costs	(396,234.69)	(461,314.55)	(255,570.97)	(201,375.51)	(651,805.66)	(662,690.06)
Profit before income tax	8,263,762.16	23,939,988.34	21,589,325.70	26,025,806.45	29,853,087.86	49,965,794.79
Income tax expenses	0.00	0.00	(3,763,906.41)	(4,924,325.84)	(3,763,906.41)	(4,924,325.84)
Profit for the year from						
continuing operations	8,263,762.16	23,939,988.34	17,825,419.29	21,101,480.61	26,089,181.45	45,041,468.95

## 27. OPERATING SEGMENTS

27.1 Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive directors.

27.2 The Company and subsidiaries' operations involve virtually in a single in services providing for nondestructive testing and inspect, testing and certification of welding work, metal work and equipment in both domestic and an overseas geographical segment since the overseas segment had services income less than 10% of services volume, therefore, the financial information by geographical segment has not been presented.

27.3 Revenues separated by nature of services are as follows:

	Consolidated financial statements	
	(Million Baht)	
	2017	2016
Non-Destructive Testing	146.45	175.95
Inspection and certificate	279.05	269.82

## 28. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.10.

### 2) Credit risk

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

### 3) Interest rate risk

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

#### 4) Fair value of financial instruments

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

Financial liabilities shown in statements of financial position consist of trade and other current payables, and financial lease liabilities.

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

### 29. COMMITMENT AND CONTINGENT LIABILITIES

29.1 The Company and subsidiaries have commitment under purchase and hire agreement with several seller as at December 31, 2017 and 2016 total amount of Baht 8.23 million and Baht 12.70 million in the consolidated financial statements, and Baht 8.23 million and Baht 15.23 million in the separate financial statements respectively.

29.2 The subsidiary has commitment under lease office building agreement as at December 31, 2017 and 2016 for the amount of Baht 0.22 million and Baht 0.48 million respectively.

29.3 The Company and subsidiaries have contingent liabilities from a local bank's issuance of letter of guarantee for the results of work to customers of the Company and guarantee the electricity usage to government agency, as at December 31, 2017 and 2016 total amount of Baht 14.15 million and Baht 27.66 million in the consolidated financial statements, and Baht 14.15 million and Baht 27.25 million in the separate financial statements respectively. Contingent liabilities are guaranteed by bank deposits (note 10).

### 30. PROVIDENT FUND

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

This fund is managed by Kasikorn Thai Assets Management Company Limited. For the year 2017 and 2016, the Company has contribution expenses in the amount of Baht 3.58 million and Baht 3.84 million respectively.

**31. CAPITAL MANAGEMENT**

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

**32. EVENTS AFTER THE REPORTING PERIOD**

According to the minutes of Board of directors' meeting No. 2/2018 held on February 24, 2018, passed the resolution to submit to the shareholders' general meeting for approval the dividend payment from profit for the year 2017 to the shareholders at Baht 0.35 per share, amounting to Baht 34.50 million which was already paid interim dividend at Baht 0.05 per share, amounting to Baht 4.93 million, the remaining to be paid at Baht 0.30 per share for 98.57 million shares, totally Baht 29.57 million.

**33. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Board of directors of the Company on February 24, 2018.



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