

ANNUAL REPORT
2015



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QTC ENERGY PUBLIC COMPANY LIMITED



Content

1	Message from the Chairman of the Board
2	Message from the CEO and Managing Director
3	Financial Highlights
4	Policy and Overview of Business Operations
11	Board of Directors and Management Team
17	General and Other Relevant Information
18	Business Characteristics
33	Revenue Structure
34	Industry and Competition Situational Analysis
38	Risk Factors
40	Shareholder Structure
41	Management Infrastructure
59	Corporate Governance
68	Corporate Social and Environmental Responsibilities
69	Internal Control and Risk Management
70	Related Party Transactions
73	Board of Audit Report
74	Board of Nomination Remuneration and Corporate Government
75	Board of Directors' Reports & Responsibility for Financial Reports
76	Certified Auditor's Report
78	Business Performance and Financial Status
92	Financial Statements and Accompanying Remarks

Message from the Chairman of the Board



First of all, on behalf of the company's directors, I would like to congratulate the Board of Management for the company's growth in reaching 1,200 million baht for the first time, even though the overall performance of the national industrial sector has declined. And I would like to congratulate every shareholder who received dividends at higher rates than every other year in the past since the company was listed on mai, even though the increase is not significant. Our dividend allocation complied with the company's dividend payment policies.

I am certain that our shareholders are aware with the company's board of directors and the management of the fact that the company's manufacture of only one product does not help the company's business grow either securely or sustainably, no matter how well the company is managed. And there are always risks. As the saying goes, "Never put all of your eggs in one basket".

Therefore, for the past several years, the company's board of directors and the board of management have directed efforts toward expanding investment to manufacture transformers in neighboring countries. We have also sought opportunities to invest or participate in investments to construct small power plants using alternative energy from biomass or solar energy as a means of earning additional income for the company. Despite unsatisfactory feasibility studies for various projects in the past, the company has never ceases its efforts. The company currently studies and continues to seek opportunities to invest in the construction of alternative energy power plants. I hope our shareholders will be made aware of progress on this issue before long.

The company's management under SET governance measures in a variety of dimensions together with creative internal auditing has led to the company's evaluation and awards from the market on an ongoing basis. The Chief Executive Officer has probably already explained the details to our shareholders. My hope is that our shareholders will continue to entrust us with the company's management.

On behalf of the Board of Directors



Associate Professor, Doctor Somchob Chaivavej
Chairman, Board of Directors

Message from the CEO and the Managing Director

Although Thailand's economic situation during the first half of 2015 showed recessive growth, the economy recovered during the second half due to support for various projects by the government sector. This enabled the overall Thai economy to grow by 2.8 percent and resulted in the company returning to profitable gains during the third quarter at 45.71 million baht.

In 2015, the company's revenue grew from 2014 at a rate of 37.48 percent. The company had net revenue amounting to 1,234.78 million baht with net profits in the consolidated financial statement amounting to 118.55 million baht. The net profit in the separate financial statement was 120.23 million baht. According to the separate financial statement, the increase in profits from 2014 was 117.44 percent. The increased growth of the company came from work in the government sector, state enterprises, private sector, alternative energy projects and the real estate sector. Furthermore, the company implemented the total quality management (TQM) system in the management of every part of the corporation such as sales, marketing, procurement, production and accounting, etc. This enabled the company to enhance work efficiency and improve personnel capacity while also reducing production costs and work time losses.

Apart from managing the business for growth in performance, the company bases its management principles on consideration of business ethics and stakeholders in every aspect. The management also ensures practices in compliance with principles of good corporate governance for transparency and accountability. This has led to confidence among shareholders, investors and all parties concerned for over four years. The company is listed on the mai and has developed the process of corporate governance. According to corporate governance evaluations of Thai listed companies in 2012, the company received a good evaluation score of 76 percent. This increased to an excellent score of 91 percent in 2015 as one of three mai-listed companies to achieve the excellence level. In building confidence among investors, analysts and shareholders, the company has systematically planned investor relations to allow investors, analysts and shareholders access to accurate and up-to-date information by regular meetings.

Systematic and efficient management earned us the Investor Relations Award 2015 from the Stock Exchange of Thailand as a result of the company's outstanding investor relations activities concerning information quality and communications channel efficiency in the interests of investors, analysts and shareholders. Another award demonstrating the company is more than a profit-seeking company, but also a company that is attentive to corporate social responsibility and giving back to society and the environment through ongoing social and environmental development is the SET Sustainability Awards 2015 received from the Stock Exchange of Thailand. This award reflects the company's outstanding model of business operations with our determination to drive the business toward sustainable growth.

For over 20 years, the company has managed its business based on morals, ethics, compliance with the law, specifications and criteria as tools for pushing the company toward secure progress. Our efforts will not stop here. On behalf of the Board of Management, I would like to thank every shareholder, customer, trading partner, business ally and everyone who has been involved in giving us confidence and trust in the company's performance. The company remains determined to develop every agency of the corporation toward performance in line with set goals for future security and sustainable prosperity.

On behalf of the Board of Directors



(Mr. Poonphiphat Tantanasin)

Chief Executive Officer and Managing Director



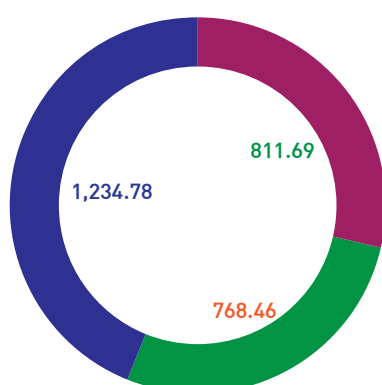
Financial Highlights

(Unit : Million)

Financial	2013	2014	2015
Revenue from sales and services	803.95	760.50	1,229.20
Total revenue	811.69	768.46	1,234.78
Gross profit	211.53	180.35	298.38
Profit before interest and income taxes	100.48	77.38	158.46
Net profit	74.51	55.30	118.55
Total comprehensive income (loss) for the year	-	54.70	117.85
Net profit per share	0.37	0.28	0.59
Dividend per share	0.21 (200,000,000)	0.18 (200,000,000)	0.32 (200,000,000)
Total assets	735.84	712.78	1,068.95
Total liabilities	260.42	224.66	495.69
Shareholders' equity	475.42	488.12	573.26

Total revenue

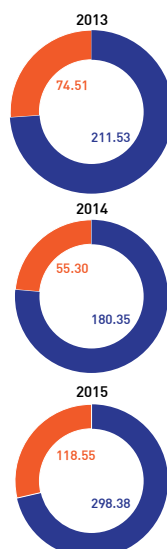
(Unit : Million Baht)



■ 2013 ■ 2014 ■ 2015

Gross profit / Net profit

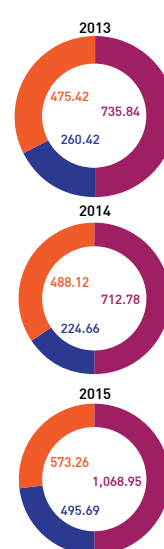
(Unit : Million Baht)



■ Gross profit ■ Net profit

Total assets / Total liabilities Shareholders' equity

(Unit : Million Baht)



■ Total assets ■ Total liabilities ■ Shareholders' equity

Policy and Overview of Business Operations



1. Background

Formerly known as Quality Transformer Co., Ltd., QTC Energy Public Co., Ltd., was registered on 19 July 1996 with a starting registered capital of 10 million baht to conduct the businesses of manufacturing and distributing electricity distribution transformers. On 4 July 2003, the company changed its name to QTC Transformers Co., Ltd., and on 19 August 2010, the company became a public company limited under the name of QTC Energy Public Co., Ltd., and listed on Stock Exchange Thailand on 28 July 2011 with Mr. Poonphiphat Tantanasin as the founder. Mr. Poonphiphat Tantanasin has over forty years of experience working in the transformer manufacturing industry.

He has worked with major and leading companies manufacturing transformers domestically and held responsibilities in various aspects, including design, assembly and production as well as sales and marketing, so he has knowledge and expertise covering all aspects in the field of transformers. Furthermore, the company's administrative team, engineers and most company employees have had knowledge, experience and expertise in the electricity transformer business for more than 26 years. Moreover, they have received training from leading transformer manufacturing countries in foreign countries, such as Germany and Japan. The aforementioned experience has helped the company develop high quality transformers which have become widely accepted among the government enterprise customer group involved with electricity, namely, the Metropolitan Electricity Authority, the Provincial Electricity Authority, and in private sector customer groups both domestically and abroad.

Throughout the past, the company has continually developed transformer products and received accreditation according to various standards, such as Thai Industrial Standards TIS 384-2543 from the Thai Industrial Standards Institute, Ministry of Industry, ISO 9001:2000 standards for designs, production, and maintenance of distribution transformers. Furthermore, the company is able to produce quality transformers meeting various international standards, which is proof of the international quality of the transformers manufactured by QTC.

2 Overview of Business Operations & Key Developments

QTC Energy Public Co., Ltd., conducts the businesses of manufacturing and distributing custom made transformers to domestic and foreign customers under the "QTC" trademark and customer trademarks. At present, the company's transformer projects can be categorized as follows:

1. Distribution Transformers: 30-5000 KVA

- 1.1 Hermetically Sealed Oil Type Distribution Transformers.
- 1.2 Open Type Transformers with Conservators.

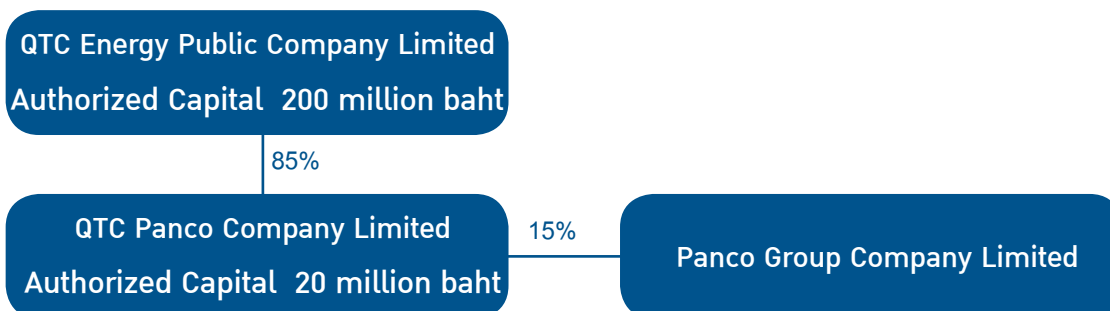
2. Power Transformers: 5000-30000 KVA

3. Special Transformer is designed and manufactured according to usage and features to customers such as Earthing Transformer, Dry-Type Class F&H, Unit Substation, Pad mounted.

Furthermore, the company also provides various types of services for customers, such as scheduled checks and maintenance, transformer repairs and maintenance, transformer oil fill services, transformer rental

services, etc., in order to support customer needs and facilitate both customers who have purchased QTC transformers and other customers in general.

The company has one subsidiary company, which is QTC Panko Co.,Ltd. manufactures and sells transformers at Laos. The Company invested on March 19, 2015, QTC Panko Co.,Ltd located at Vientiane Plaza Hotel, 4th floor B. Hatsadeeeneun , M. Chanthabouly. Vientiane LaoPD. Registered 20 million baht, the company holds 85% and Panko Group holds 15%.



Progress with Purpose & Vision

Quality of DETAILS

Attention to DETAILS is at the heart of our principles and encompasses every area of QTC with comprehensive coverage from staff, thought processes, work methods, technological advancement, factory operation, products and consideration for society and environment.

Vision

QTC will be a manufacturer of world class standard products and services involving electrical transformer equipment.

Mission

1. QTC are determined to meet the challenging needs of developing customers' electrical systems under international standards.
2. QTC are firmly committed to product development, manufacturing processes and service provision to minimize environmental and social impacts.
3. QTC build business security and sustainability by considering impacts on stakeholders in every field.



QUALITY OF DETAILS >>

D - DYNAMICS E - ENVIRONMENT
T - TEAMWORK A - ACHIEVEMENT
I - INNOVATION L - LEADERSHIP S - SERVICE

Management Principles

QTC is firmly committed to three good corporate governance principles.

1. Ethical, just and transparent management.
2. Product and service provision meeting international quality standards.
3. Focus on corporate social and environmental responsibility in strict compliance with human rights principles.

The company's vision and mission are reviewed annually with review and approval from the company's Board of Directors on 15 December 2015 to ensure the concurrence of the company's vision and mission with current economic conditions.

The details of significant company developments in the past are as follows:

2004

- The company increased registered capital by 40 million baht from the original registered capital of 10 million baht by issuing 400,000 new common shares valued at 100 baht per share in order to propose sales to existing shareholders, which put the company's registered capital at 50 million baht.
- The company was accredited by Thai Industrial Standards TIS 384-2543 for power transformers from the Thai Industrial Standards Institute, Ministry of Industry.
- The company's 250 kVA and 1000 kVA transformers passed short circuit testing from CESI, Italy.

2005

- The company increased its registered capital by 50 million baht from the original registered capital of 50 million baht by issuing 500,000 new common shares valued at 100 baht per share in order to propose sales to existing shareholders, which put the company's registered capital at 100 million baht.

2007

- The company's 167 kVA transformers passed short circuit testing from KEMA, the Netherlands.
- The company received ISO 14001:1996 standards accreditation from RWTÜV, Germany (2001).

2008

- The company received OHSAS 18001:2007 accreditation for occupational health and safety management systems from UKAS, England. SGS Company (Thailand) provided accreditation.
- The company's 500 kVA and 2000 kVA transformers passed short circuit testing from CESI, Italy.
- The company was granted the right to use the Q-MARK from the Joint-Standing Committee on Commerce, Industries and Banking (JSCCIB) consisting of the Thai Chamber of Commerce, the Federation of Thai Industries, and the Thai Bankers' Association as a mark for certification of product quality, business ethics, responsibility to customers, consumers and society including the manufacturing, trade and service sectors as follows:
 1. Single phase oil type distribution transformers with sized 1-167 kVA with maximum voltage of 36 kv and three-phase oil type distribution transformers sized at 1-2500 kVA with maximum voltage of 36 kV with quality meeting the standards of trade partner countries and the standard quality of Thailand, which was issued on 27 May 2008 and effective until 26 May 2010.
 2. [Standards for] the distribution, services, repairs, and installations of transformers, including corporations, issued 21 March 2008 and effective until 20 March 2010.
- The company was granted ISO 14001:2004 accreditation for environmental management systems from UKAS, England, and NAC, Thailand. SGS Company (Thailand) provided certification.
- The company received the Thai Chamber of Commerce Business Ethics Standard Test Award of 2008 from the Thai Chamber of Commerce as an organization with ethical management according to the ethics of the Thai Chamber of Commerce comprising the following six key issues:
 1. Fair treatment of all parties concerned.
 2. Disclosure of information and transparency.
 3. Risk management.
 4. Promotion of excellent corporate practice.
 5. Corporate social and national responsibility.
 6. Yielding sustainable tangible returns for the nation.

- The company increased registered capital by 50 million baht from the original registered capital of 100 million baht by issuing 500,000 new common shares valued 100 baht per share for proposed sales to existing shareholders at the proposed sales price of 100 baht per share.
- The company was awarded the International Europe Award for Quality from exporting transformers for distribution in Spain.

2009

- The company was granted ISO 9001:2008 accreditation for quality management systems from UKAS, England, and NAC, Thailand. SGS Company (Thailand) provided accreditation.
- The company was awarded the “D” Class Certificate of Clean Food Good Taste standards from the Department of Health, Ministry of Public Health.

2010

- The company received the 2nd Annual SME National Award of 2009 in machinery and equipment category from the Office of Small and Medium Enterprise Promotion (OSMEP), Ministry of Industry.
- The company received the Prime Minister’s Industry Award 2010 for SME Industrial Management from the Ministry of Industry.
- In September of 2010, the company received extension of rights to use the Q-MARK from the Joint-Standing Committee on Commerce, Industries and Banking (JSCCIB) in the production sector and the trade and services sector as follows:
 1. Single phase oil type distribution transformers sized at 1-167 kVA with maximum voltage of 36 kv and three-phase oil type distribution transformers sized at 1-2500 kVA with maximum voltage of 36 kV and quality to meet the standards of trading partner countries as well as the quality standards of Thailand, which were issued on 10 September 2010 and effective until 9 September 2012.
 2. Distribution, sales, installation, and maintenance of transformers, which were issued on 10 September 2010 and effective until 9 September 2012.
- The company received a “D” Class Certificate for Clean Food Good Taste standards from the Department of Health, Ministry of Public Health.
- In August of 2010, the company became a public company limited and changed its name to QTC Energy Public Co., Ltd.

2011

- In March, the company registered changes in share value from the original value of 100 baht per share to 1 baht per share, including an increase in registered capital by 50 million baht from the original amount of 150 million baht, which put the registered capital at 200 million baht. Shares were divided as follows:
 1. Forty-five million new common shares which were offered for public sales and
 2. Five million new common shares which were offered for sale to company directors and employees.
- In April, the company constructed new offices at 2/2 Soi Krungthep Kritha 8 (5), Krungthep Kritha Rd., Huamark, Bangkok, Bangkok 10240
- In July, the company proposed an initial public offering (IPO) of shares and Stock Exchange of Thailand listed the company’s ordinary shares as registered shares and began buying and selling on 28 July 2011 under the company’s abbreviated name for buying and selling shares, QTC.
- In August, the company was a top recipient of a Zero Accident Award (no occupational accidents causing ongoing work to stop over the past year for no less than 1,000,000 working hours) from the Zero Accident Campaign of 2011 from the Department of Welfare and Labor Protection, Ministry of Labor.
- In October, the company received the Top Corporate Governance Award (Eastern Region) from the Thai Chamber of Commerce Good Corporate Governance Commission in cooperation with the Office of the NCCC and the Thai Chamber of Commerce University.

- In November, the company was considered by the Thai Laboratory Accreditation Scheme, Electronics-Telecommunications, which decided to approve accreditation of the company's laboratory according to TIS 17025-2548 standards with the Thai Industrial Standards Institute
- In December, the company was awarded for food hygiene with a "D" Class certificate for "Clean Food, Good Taste" from the Health Department, Ministry of Public Health for the second consecutive year.

2012

- In February, the company was officially awarded laboratory accreditation for laboratory testing ability in compliance with TIS Standard No. 17025-2548 (ISO/IEC 17025:2005), Certificate No. 12007/T 309 from the Thai Industrial Standards Institute, Ministry of Industry.
- In February, the company moved to work at its new headquarters located at 2/2 Krungthep Kritha 8 (5), Krungthep Kritha Rd. Huamark, Bangkok, Bangkok 10240.
- In March, the company commenced the construction of a plant in order to expand production capacity by adding silicon steel slitting machines and silicon steel cutting machines. The construction was complete and the plant was open for operations in December in Pluak Daeng, Rayong.
- In April-September, the company participated in an industrial logistics efficiency building project by the Department of Primary Industries and Mines in cooperation with the Technology Promotion Association (Thailand –Japan).
- In June, the company was awarded a certificate for being a health-promoting workplace by Honorary Professor, Dr. Kasem Wattanachai, Privy Councilor.
- In July, the company participated in a cooperative project for the production of Amorphous Distribution Transformers (AMDT) with Hitachi Metals Japan.
- In October, 100 KVA 3 Ph 50 Hz 22000-400/230 V, 100,500 KVA 3 Ph 50 Hz 33000-400/230 V. and 150,300,750 KVA 3 Ph 50 Hz 24000-416/240 V electricity transformers passed short circuit testing by the CESI in Italy with Type Test Certificate No.B2030322-27.
- In September, the company was awarded a certificate for meeting clean technology criteria for entrepreneurial development from the Governor of Rayong.

2013

- In January, the company was granted accreditation for laboratory testing in compliance with TIS 17025-2548 (ISO/IEC 17025:2005) Standards, Certificate No. 12007/T 309 from the Thai Industrial Standards Institute for the second consecutive year in which the company applied for accreditation.
- In May, the company produced Amorphous Distribution Transformers (AMDT) in cooperation with Hitachi Metals Japan with 1000 kVA sized transformers for commercial distribution with the first transformer in October.
- In June, the company participated in an in-depth consulting project for SMEs with the lean standards of the Department of Industrial Promotion.
- In June, the company participated in a consultation project for 5-S activities by the Technology Promotion Association (Thailand –Japan) for corporate restoration and development in increase production capacity with the 5-S system.
- In June, the company was awarded a Class 3 Green Industry certificate by the Ministry of Industry.
- In June, the company signed a joint venture project contract for the construction of electricity transformers in Vientiane, Laos.
- In July, the company purchased a Distribution Transformer Test System DTTS 3-2500 from HAEFELY Switzerland in order to enhance the efficiency of testing and certification for increasing work volume in the future. The installation and use began in February of 2014.
- In July, the company commenced the construction of a plant for manufacturing tanks for electricity transformers.
- In November, the company was granted CSRI Recognition in the Rising Star category by the Corporate Social Responsibility Institute, Stock Exchange of Thailand.

2014

- In January, the company laid out its main foundation (Phase 1) for modifying processes by implementing the Total Quality Management System (TQM) to sustainably develop the organization.
- In February, the company applied for participation in TLC: ISO50001 Project with the Thai Industrial Standards Institute and the company is currently requesting certification from SGS Co., Ltd.
- In March, company has received the honor a card to show that they have been taken to prevent and solve the problem of drugs in operations by the white factory project. Level 3 from the Department of labour protection and welfare, and Rayong province.
- In May, the company completed construction of transformer tank factory buildings.
- In July company sent the first set of transformers to sell in Japan successfully.
- In November, the company received the 5S Model Award 2014 for the Bangkok Office area, the CSR Office area, Factory No. 3 areas and the Coiling Room area.
- In November, the company received three awards for registered companies for corporate social responsibility from the Stock Exchange of Thailand at the SET Award as follows:
 1. CSR Recognition 2014 in the general category.
 2. CSR Award 2014 in the outstanding category.
 3. CSR Award 2014 in the excellence category.

2015

- In January, the Company began to lay out key foundations (Phase 2) for process modification by implementing total quality management toward sustainable corporate development.
- In March, the Company was granted ESG100 Certification by Dr. Pipat Yodprudtikan, Director of Thaipat Institute, for outstanding business sustainability.
- In April, the Company signed an exclusive distribution agreement with Industrias Mecano Electricas Fontecha Yebenes, S.L. (IMEFY) to become the exclusive sales representative in Thailand for Cast Resin transformers from Spain. We will distribute under the QTC brand and manufacture under IMEFY.
- In July, the Company applied for participation in an organization health project with Share Foundation to develop processes and improve corporate happiness for work life balance.
- In September, the Company received a certificate for passing an evaluation by the Department of Disease Control, Ministry of Public Health, at good levels as a happy workplace free from disease and danger at the provincial level.
- In October, the Company was granted the SET Sustainability Award 2015 as the only MAI-listed company to receive this award and the Thai Sustainability Investment Award (Sustainable Shares) from the Stock Exchange of Thailand.
- In October, the Company was evaluated for CG Scorecard by IOD and found to be excellent as a confirmation of good and transparent governance.
- In November, the Company was certified by the 5S Model Award 2015 for production areas at Factory 4, warehouse areas and electrical transformer repair areas.
- In November, the Company received the Best Investor Relations Award and the Company was the only MAI-listed company to receive the Best Investor Relations Award from the Stock Exchange of Thailand
- In November, transformers with power capacity of 75 kVA and 300 kVA passed the Short Circuit Test by CESI, Italy.
- In December, the Company received the Best Corporate Governance Award of 2015 for the Central Region from Prof. Dr. Kasem Wattanachai in praise of entrepreneurs who operate businesses with principles of corporate governance by adhering to transparency and honesty.

3. Policy and Business Performance Goals

The Company aims to become a producer of world class transformers by emphasizing transformer quality and standards development in the Company to build maximum confidence and efficiency accepted by customers domestically and abroad. Our primary focus is original customer bases with the expansion of new customer bases, especially among countries in the ASEAN Economic Community. The Company considers potential competitive conditions occurring after the launching of the AEC in 2016. Therefore, the company has modified production processes for better efficiency in 2012 - 2015. As a result, the Company currently has strong competitive capacity. Furthermore, the Company recognized the value of human resources. Hence, the Company invests in personnel with focus on development based on human capital guidelines to develop personnel in connection with corporate strategies and tactics to improve competitive ability in the new economic era over the next five years while also developing supply chain management. After 2015, raw material movement among countries in the AEC will be exempt from Customs tariffs. Furthermore, Customs tax rates will drop to zero percent and each country has policies to reduce logistics costs. The Company needs to prepare for international product movement in the AEC with convenience, speed and free trade to improve competitive capacity. Moreover, the Company also emphasizes the development of service quality and efficiency, including modifications under total quality management (TQM) to build maximum satisfaction for QTC customers and the customers of other manufacturers to create marketing channels and increase future transformer distribution opportunities.

In managing the corporation to achieve the aforementioned goals, the company adheres to management principles under the process of “Quality of Details” and good governance principles, including conducting its business under corporate governance principles for sustainable growth.



Board of Directors



1. Ass. Prof. Somchob
Chaiyavej, Ph.D.
Chairman of Board

6. Mr. Poonhiphat Tantanasin
Director

4. Mr. Nattharphon Lilawathananun
Director

7. Mr. Siripong Boontam
Director

2. Mr. Padetpai Meekun-iam
Director

5. Mr. Nakorn Phrprasert
Director

3. Mr. Pholrach Piathanom
Director

Name	1. Ass. Prof. Somchob Chaiyavej, Ph.D.
Position	Chairman of Board
Age	80 years
Educational qualification	Ph.D. in Mechanical Engineering. Purdue University, U.S.A
Directorship training	Director Accreditation Program (DAP), Class 62/2007
Work Experience	<ul style="list-style-type: none"> Chairman, The board of investment of Thailand (BOI) President former, King Mongkut's University of Technology North Bangkok Chairman, QTC Energy Public Company Limited Chairman, Patkol Public Company Limited Chairman, Auto Tool And Die Company Limited Council President , North Bangkok College Expert Director, Rajamangala University of Technology Thanyaburi Executive Director, Nation Research Council of Thailand
Current job positions	<ul style="list-style-type: none"> QTC Energy Public Company Limited Patkol Public Company Limited
In any listed companies	<ul style="list-style-type: none"> The College of North Bangkok Rajamangala University of Technology Thanyaburi Nation Research Council of Thailand
In any non-listed companies	
Appointment Date	28 July 2011
% of shareholding in the Company	None

Name	2. Mr. Padetpai Meekun-iam
Position	Director/Chairman of the Audit Committee
Age	71 years
Educational qualification	Master's Degree, Mechanical Engineering, Georgia Institute of Technology, U.S.A
Directorship training	<ul style="list-style-type: none"> Director Certification Program (DCP), Class 22/2002 Audit Committee Program (ACP), Class 42/2013 Monitoring the Quality of Financial Reporting (MFR), Class 17/2013 Monitoring the System of Internal Control and Risk Management (MIR), Class 14/2013 Monitoring Fraud Risk Management (MFM), Class 10/2013 Monitoring the Internal Audit Function (MIA), Class 14/2013
Work Experience	<ul style="list-style-type: none"> Director , Tate Vehicle company Limited Director/ Chairman of the Audit Committee, Thai Argo Energy Public Company Limited Director, Chairman of the Audit Committee, MBK Resort Public Company Limited Director, Chairman of the Audit Committee, QTC Energy Public Company Limited Director , Tate Vehicle Company Limited Director/ Chairman of the Audit Committee, Thai Argo Energy Public Company Limited Director, Chairman of the Audit Committee, MBK Resort Public Company Limited
Current job positions	<ul style="list-style-type: none"> QTC Energy Public Company Limited MBK Resort Public Company limited Thai Argo Energy Public Company
In any listed companies	Tate Vehicle Company Limited
In any non-listed companies	
Appointment Date	28 July 2011
% of shareholding in the Company	None

Name	3. Mr. Pholrach Piathanom
Position	Director/ Chairman of the Nomination, Remuneration and Corporate Governance Committee/ Audit Committee
Age	63 years
Educational qualification	<ul style="list-style-type: none"> • Master's Degree, Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University • Master's Degree, Business Administration, National Institute of Development Administration
Directorship training	<ul style="list-style-type: none"> • Director Certification Program (DCP), Class 118/2009 • Director Accreditation Program (DAP), Class 78/2009 • Audit Committee Program (ACP), Class 31/2010 • Rule of the Compensation Committee Program (RCC), Class 19/2014
Work Experience	Director, NIDA Center for Enhancing Competitiveness
Current job positions	<ul style="list-style-type: none"> • Director and Audit committee, QTC Energy Public Company Limited • Director, Srangkonkeng Company Limited • Director, MDICP Intertrade Company Limited • Director, MDICP Holding Company Limited
In any listed companies	QTC Energy Public Company Limited
In any non-listed companies	<ul style="list-style-type: none"> • Srangkonkeng Company Limited • MDICP Intertrade Company Limited • MDIP Holding Company Limited
Appointment Date	28 July 2011
% of shareholding in the Company	Ordinary shares 177,000 shares, representing 0.09 per cent

Name	4. Mr. Nattharphon Lilawathananun
Position	Director/Audit Director
Age	58 years
Educational qualification	Master of Business Administration Program (MBA) ,Chulalongkorn University
Directorship training	<ul style="list-style-type: none"> • Director Accreditation Program (DAP), Class 10/2004 • Audit Committee Program (ACP), Class 3/2004
Work Experience	<ul style="list-style-type: none"> • Director, Unimit Engineering Public Company Limited • Director, Unique Mining Services Public Company Limited • Director and Director manager , Excellent Business Management Company Limited • Director and Director manager , NBS Research & Consulting Company Limited
Current job positions	<ul style="list-style-type: none"> • Director and Audit committee, QTC Energy Public Company Limited • Director, Unimit Engineering Public Company Limited • Director and Director manager, Excellent Business Management Company Limited • Director and Director manager , NBS Research & Consulting Company Limited
In any listed companies	<ul style="list-style-type: none"> • QTC Energy Public Company Limited • Unimit Engineering Public Company Limited
In any non-listed companies	<ul style="list-style-type: none"> • Excellent Business Management Company Limited • NBS Research & Consulting Company Limited
Appointment Date	28 July 2011
% of shareholding in the Company	None

Name	5. Mr. Nakorn Phraprasert
Position	Director/The Nomination, Remuneration and Corporate Governance Director
Age	64 years
Educational qualification	Master's Degree, Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University.
Directorship training	Director Accreditation Program (DAP), Class BJC/2004
Work Experience	<ul style="list-style-type: none"> Deputy Managing Director, Berli Jucker Public Company Limited Managing Director, Thai Glass Industries Public Company Limited Deputy Managing Director, Thai Glass Industries Public Company Limited
Current job positions	Director, QTC Energy Public Company Limited
In any listed companies	QTC Energy Public Company Limited
In any non-listed companies	None
Appointment Date	28 July 2011
% of shareholding in the Company	None

Name	6. Mr. Poonhiphat Tantanasin
Position	Director/The Nomination, Remuneration and Corporate Governance Director/ Chief Executive Officer
Age	63 years
Educational qualification	Bachelor's Degree, (Electrical Engineering) King Mongkut's Institute of Technology North Bangkok
Directorship training	<ul style="list-style-type: none"> Director Certification Program(DCP), Class of 117/2009 Director Accreditation Program(DAP),Class of 77/2009 Finance Statements for Director(FSD), Class of 4/2009 Rule of the Compensation Committee Program (RCC), Class 20/2015
Work Experience	<ul style="list-style-type: none"> Director and Chief Executive Officer, QTC Managing Director, QTC Energy Public Company Limited Director, M-DIC Holding Co., Ltd. Director, Jarin Apartment Limited Partnership
Current job positions	<ul style="list-style-type: none"> Director, Chief Executive Officer and Managing Director, QTC Energy Public Company Limited Director, M-DIC Holding Co., Ltd. Director, Jarin Apartment Limited Partnership
In any listed companies	QTC Energy Public Company Limited
In any non-listed companies	<ul style="list-style-type: none"> M-DIC Holding Co., Ltd. Jarin Apartment Limited Partnership
Appointment Date	28 July 2011
% of shareholding in the Company	Ordinary shares 598,600 shares, representing 0.30 per cent

Name	7. Mr. Siripong Boontam
Position	Director
Age	55 years
Educational qualification	Bachelor's Degree, (Electrical Engineering) King Mongkut's Institute of Technology North Bangkok
Directorship training	Director Accreditation Program (DAP), Class 78/2009
Work Experience	Factory manager, QTC Energy Public Company Limited
Current job positions	Deputy Managing Director
In any listed companies	QTC Energy Public Company Limited
In any non-listed companies	None
Appointment Date	28 July 2011
% of shareholding in the Company	Ordinary share 522,000 shares, representing 0.26 percent

Board of Executive



1. Mr.Poonphiphat Tantanasin
Chief Executive Officer



2. Mr.Siripong Boontam
Deputy Managing Director



3. Mr. Ruangchai Kritsnakriengkrai
Deputy Managing Director



4. Miss Boonpa Ruddist
Manager, General Management
Department



5. Miss Chotika Chumpoon
Manager, Finance & Accounting
Department

Power Transformer



Power transformers are transformers used to adjust electromotive forces transmitted from power generation sources along the transmission line to reduce force before entering the distribution line and then later to the end user. The power transformers the company is manufacturing and distributing are sized at 5,000-30,000 KVA with a maximum electromotive force of 72 KV.

General and Other Relevant Information

1. General Information

Company Information

Company Name	:	QTC Energy Public Company Limited
Type of Business	:	Operating the business of manufacturing and distributing electricity Distribution transformers, including those for companies involved with electricity distribution transformers.
Main Office Address	:	2/2 Soi Krungthep Kritha 8 (5), Krungthep Kritha Rd., Huamark, Bangkok, Bangkok 10240
Factory Address	:	149 M.2 Tambol Mabyangporn, Ampur Pluakdaeng, Rayong 21140
Company Registration No.	:	0107553000158
Registered Capital	:	200 million shares
Paid-up Capital (ordinary shares)	:	200 million shares
Website	:	www.qtc-energy.com
Investor Relations	:	0-2379-3089, ext. 241
Telephone	:	0-2379-3089-92
Facsimile	:	02-379-3097

Stock Registrar

Company Name	:	Thai Securities Depository Co., Ltd.
Office Address	:	92 Stock Exchange of Thailand Building, Ratchadapisek Road, Dindeng, Bangkok 10400
Telephone	:	0-2009-9000
Facsimile	:	0-2009-9991

Auditors

Auditors	:	Mr. Somkid Tiattrakul, Accounting Auditor's License No. 2785 or Mrs. Sumalee Chotdianan, Accounting Auditor's License No. 3322 or Mr. Teerasak Chausrisakul, Accounting Auditor's License No. 6624 or Ms. Sansanee Poolsawat, Accounting Auditor's License No. 6977
Company Name	:	Grant Thornton Co., Ltd.
Office Address	:	87/1 All Seasons Place, 18th Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330
Telephone	:	0-2205-8222
Facsimile	:	0-2654-3339

Legal Consultants

Company Name	:	Bangkok Jurist Ltd.
Office Address	:	Paso Tower, 19th Floor 88 Silom Road Suriyawong, Bangrak
Telephone	:	02 267 2460-3
Facsimile	:	02 267 2464

2. Other Relevant Information

Investors can study additional information about the Company in the Company's Annual Disclosure Form (Form 56-1) posted at www.sec.or.th or www.set.co.th and the company's website at www.qtc-energy.com.

Business Characteristics



Business Operations of Each Product Line

1 Characteristics of products and service

1.1 Electricity Transformers

The electricity transformers manufactured and distributed by the company are custom-made or made to meet the specifications of customer orders. Customers provide product specifications such as high and low voltage, loss, impedance, vector group and temperature rise so the company can design high quality electricity transformers to meet customer needs. All of the electricity transformers sold domestically by the company are under the “QTC” trademark. For foreign supply, products are distributed under both “QTC” and customer trademarks.

In addition, the main components of the electricity transformer are as follows:

1. **Steel Core** which acts as a magnetic circuit for the transmission of magnetic line of force to produce pressure on both low and high voltage coils. The steel core is made from cutting silicon steel and layering it to form a core.
2. **High Voltage (Primary)** Coils receive electric energy from high electric transmission lines and transform the electric energy into magnetic energy for transmission to a low voltage coil. High voltage coils are normally made from round copper coil soaked in chemicals and wrapped or put onto low voltage coils.
3. **Low Voltage (Secondary)** Coils act as distributors of electricity from transformers onto a load or accompanying equipment. Low voltage coils are made from flat copper coil covered by insulation or copper foil with relatively large sized wrapping on the insulator cover to be inserted onto the steel core
4. **Tanks and Tank Lids** are components that preserve transformer oil and release heat inside the transformer. The company uses the technique of producing electricity transformers hermetically sealed with prototype in a corrugated form with heat release fins attached to all the sides of the tank so the heat can be swiftly released from the inside to the outside. The fins are folded from long steel sheet making the connecting mark less visible while reducing the chance of tank leakage in comparison to previous specifications using radiator fin for heat ventilation. The tank lid is usually used to install the bussing and other tank protection equipment.
5. **Bushings** are part of the receiver or distributor of the transformer electrical current. The ingoing and outgoing wires are connected to the bushing and the inside of the bushing holds an electric conductor leading the electrical current to the coil. The bushing acts as an insulator to prevent the leakage of electricity into the tank.
6. **Transformer oil** acts as a good insulator that is high in purity and used as an electric insulator inside the transformer as in addition to helping ventilate heat from the coil inside the transformer to outside air.
7. **Taps** are equipment that changes the ratio of the coils, allowing the pressure proportion of the transformer to be at a the desired rate.

8. **Other equipment** used for protection such as tools for oil level measurement, thermometers and pressure release valves are used to measure various levels of the transformer. Once an error is detected, a warning signal is sent to control the corrective equipment and prevent severe damage to the transformer.

The electricity transformers produced and distributed by the company are divided into the following two types:

1.1.1 Distribution Transformer

Distribution transformers are equipment performing the task of transforming high voltage electricity from the Metropolitan Electricity Authority and the Provincial Electricity Authority distribution systems through distribution lines at 11-33 Kilovolts, or KV, so the electromotive force will be reduced to the same level required by the needs of customers such as industrial factories, households and high-rise buildings.

The distribution transformers manufactured and distributed by the company have electric power from 30-5,000 kilovolt amperes (KVA) and electromotive force less than 36 KV in both the first and third phases.



Distribution transformers can be divided into the following two types:

1. Hermetically Sealed Oil Type Distribution Transformers: This type of transformer uses transformer oil as an insulator to prevent short circuits inside the transformer and release heat from inside the coil to the outside area. The tank itself is carefully sealed to prevent external air from leaking inside and mixing with the oil. This type of transformer, therefore, is highly capable of withstanding moisture and deteriorates at a slower rate. It will also help preserve the quality of the insulator of transformer oil as well as extend the durability and reduce maintenance costs. This type of transformer is mainly installed outdoors.

2. Open Type with Conservator: A previous electricity transformer design that has been popular for a long time. It requires transformer oil as an insulator and heat release in the same manner as the hermetically sealed oil type distribution transformer. The difference is that it has a conservator installed to reserve the expansion of the oil during operations and a tube to let the air flow. On the end of the tube is a bulb filled with silica gel that absorbs moisture from the air before it enters the transformer. This type requires transformer inspection oil every 6-12 months.

The electricity transformers distributed by the company are quality transformers certified by standards such as Thai Industrial Standards 384-2543 by the Industrial Standards Institute, Ministry of Industry, ISP 9001:2000 for the design, production and maintenance of the distribution transformer. In addition, the company has been manufacturing electricity transformers requiring compliance with international standards such as IEC 60076, IEEE Std C57.12.00, VDE 0532, JEC 204, AS 2374 or other standards to satisfy customers.

Furthermore, in order to ensure that the development of the electricity transformers are fully compliant with the standards of our customers in addition to building greater trust from our customers, the company has sent our electricity transformers for short circuit testing by a well-renowned global institution. The 250 KVA, 500 KVA, 1000 KVA, and 2000 KVA have all passed the test and received certification for short circuit resistance by CESI, Italy. Power plants with 167 KVA have passed the short circuit testing and received certification for short circuit resistance by KEMA, Netherlands. The company has been planning to have other electricity transformers submitted to short circuit testing to increase the chance of winning price bidding from electricity transformer manufacturers and distributors, including the government, in addition to expanding the domestic market. In 2012, 100 KVA 3 Ph 50 Hz 22000-400/230 V, 100,500 KVA 3 Ph 50 Hz 33000-400/230 V. and 150,300,750 KVA 3 Ph 50 Hz 24000-416/240 V. have all passed the short circuit testing by CESI in Italy.



1.1.2 Power Transformers

Power transformers are transformers used to adjust electromotive forces transmitted from power generation sources along the transmission line to reduce force before entering the distribution line and then later to the end user. The power transformers the company is manufacturing and distributing are sized at 5,000-30,000 KVA with a maximum electromotive force of 72 KV.

1.1.3 Transformers-dry (Dry Type Cast Resin Transformer)

Transformers-dry (Dry Type Cast Resin Transformer) transformer is suitable for installation in the building because of electrical insulation, dry. Do not use oil-insulated high-voltage coils series casting Resin Epoxy in Dune that has moisture resistance. The dust and the environment, and the fire resistant properties. A project that uses a transformer, dry, such as high-rise buildings. Residential building or condominium The hospital or who have limited space to use the transformer can be installed in the building. The company had invested both goods and personnel readiness for service to customers, to sell the dry transformer tested according to international standards in order to build the confidence to customers.

In addition, the company manufactures special types of electricity transformers that are custom-designed and produced to meet customer needs such as Earthing Transformers, Dry-Type Class F&H, Unit Sub-stations and pad mounted transformers.

In 2015, the Company generated 1,500 million baht in production from expanding production bases by building a factory building to manufacture transformer tanks in 2014. This has enabled the Company to increase production capacity by 30 percent. In 2015 – 2016, the Company did not invest in machinery purchases or production expansions requiring large amounts of funds.



1.2 Services

All services provided by the company are related to 24-hour transformer usage. Our highly experienced engineers and technical experts are ready to support and assist customers who have purchased QTC electricity transformers, as well as general customers. In cases where an electricity transformer belongs to the QTC brand, the details regarding emergency contact information are placed on the sides of all transformers. The electricity transformer-related services provided by the company include the following:

- Electricity transformer installation
- Inspection and maintenance according to the product cycle
- Restoration and maintenance of the electricity transformer
- Filling oil into the electricity transformer
- Electricity transformer rental
- Electricity transformer testing
- Advice on electricity transformers and electrical systems
- Service on steel cutting and coil wiring

2 Marketing and Competition

2.1 Competitive Strategy

1. Product Quality

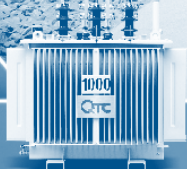
The company is firmly committed to policy for constant development in the quality of the electricity transformers to comply with international standards from design to the selection of raw materials for production. Quality inspections are frequently conducted for the raw materials frequently purchased. The company's electricity transformers have been designed by a computer system that increases and precisely controls loss under the supervision of experienced engineers in the design field. Furthermore, the technology employed by the company in power plants is up-to-date and highly developed. The main machines used are imported from Germany and all of the production process, up to the products delivered to our customers, have been tested and controlled. All the company's operations described above have been adopted to ensure that products are standardized and customized for customer satisfaction. The company's products are clearly certified by ISO 9001:2008, and all of the electrical sizes and types of electricity transformers available in the market are certified with Thai Industrial Standards 384-2543. Moreover, the 100 KVA, 150 KVA, 250 KVA, 300KVA, 500 KVA, 750KVA, 1000 KVA, 2000 KVA, and Earthing Transformer 1600A have all passed short circuit resistance testing by CESI, Italy. The 167 KVA has also passed short circuit resistance testing from KEMA, in the Netherlands. Both institutions are world famous testing institutes capable of ensuring the quality and durability of the coil and internal structure of electricity transformers.

Always on call...
whenever you need it!



No matter what, you can never predict the downtime

At QTC, we have a team of electrical engineering professionals always on duty, ready to provide the support and service our clients need in a most efficient and timely manner, all day, all night. Transformer maintenance checks, cleaning service, troubleshooting analysis, system testing and technical consultation... whatever support you need for your transformers - and no matter what time it is - dependable help is only a phone call away!



2. Speed and Reliability in Product Delivery

Delivering products on schedule is another important factor considered by customers when deciding to purchase products from various suppliers. Most of the customers have a timeframe that is exact, especially those in the state enterprise sector that produce and distribute electricity or customers who have won price bidding for entire projects. If QTC is unable to deliver products on time, it may cause delays for the customer's projects and our company may be required to pay fines according to purchase/sales agreements. Therefore, our main policy is to deliver products on time to maintain customer satisfaction and ultimately build trust and loyalty, as well as brand promotion for our company.

3 Effective Capital Management

The company gives importance to the efficiency of capital management, which is a main cost with impact on the company's profit and competitive capacity, beginning with the selection of raw materials. A team of experts selects the manufacturers and/or suppliers who are required to pass inspection testing on their production processes to ensure the quality of the raw materials and reduce loss from production caused by low quality raw materials. In addition, the company has adopted the ERP system to plan the purchasing of raw materials to help control the amount of raw material production at acceptable and sufficient levels. Since the ERP system has linked information from all departments since orders began to be accepted from the customers, the system takes the orders and plans for production and raw material purchases.

In addition, the company has planned a production and technological production system to help save production costs as well as maintain product quality. Applying the Wound Core technology for steel core production, this technology will reduce steel input.

- Silicon and loss of silicon steel could reduce overall production costs
- Finding alternative raw materials for wider options and helping manage capital would be very efficient, e.g. copper foil or paper-wrapped flat wire is an important component for wrapping low voltage coils.

However, the selection of each raw material depends on the specifications of the electricity transformers requested by the customers.

4. Acquiring Experienced Staff and Experts in the Electricity Transformer Industry

With the company's team of directors, architects, and most of the staff with experience and expertise in the electricity transformer industry for over 25 years and having passed the training of world-renowned electricity transformer manufacturers from both Germany and Japan, the company is able to help develop technology both in terms of design and improve the production process for higher efficiency. The machines are therefore high tech and able to reduce production process, causing cost to be lower and able to compete well with competitors in the business. Also, the sales department has experience in the sales and marketing field for over 25 years, making them understand customer's demand and in-depth electricity transformer market condition. They are therefore able to command strategies which are suitable for each situation perfectly.

5. Trade Alliances and Good Relationship with Distributing Agents

In 2015, 6.94% of income from net sales of electricity transformer comes from distributing agents, both domestic and abroad. As of January, 31, 2015, the company has a total of 3 agents domestically and 6 agents abroad; covering Malaysia, Australia, South Africa, and Italy. Also, the company is focused on maintaining and developing relationship with the agents continuously. Also, to maintain good relationship among other companies in the market and distributing agents to share information for product and quality development, as well as service. This allows the company to improve product quality to directly serve needs of the customers at a high standard.

6. Post-Sale Services

The company offers after sale service by experts in electricity transformer to give advice and suggestions on problem solving 24 hours to customers. This service will not only impress the customers but allow the company to be aware of the existing problems caused by the product directly from the customer. The company will be able to take the complaints to develop and fix the product accordingly. The product will therefore have high quality and fully respond to customer's demand. Since the electricity transformer has high quality, we can ensure this by offering 2 year product warranty.

2.2. Characteristics of Customers

Customers of our company can be divided into 2 main groups as follow;

1. Domestic customers

Domestic customers of the company could be divided into 4 categories as follow;

1.1 State and state enterprise

State and state enterprise is a group combined of the main customer who is the electricity state enterprise producer and distributor. This includes The Provincial Electricity Authority (PEA), The Metropolitan Electricity Authority (MEA), Electricity Generating Authority of Thailand (EGAT), and other state and state enterprise customers such as, Ministry of Public Health, Public Works Department, and Royal Irrigation Department.

1.2 Project Contractors

This customer group ranges from small to large project contractors whereby the marketing officer will be responsible for contacting the customers to present electrical transformer to the project's owner, architecture, and project advisor, including taking the customers on a tour to visit the factories to gain their trust of the company's products. After, the marketing officer contacts the contractor to start the sale process. The process begins with the specs and details of the electricity transformer which the customer wants to gather information as data for designing and price offering. This type of customer includes Powerline engineering public company limited, ItalThai development public company limited, and Demco public company limited.

1.3 Distributing agents

Customers who are distributing agents and then onwards to end users. On the 31st January 2013, the company has a total of 3 distributing agents. Each agent is responsible for distributing the electricity transformer and offering service in their area of responsibility. This will help with marketing and service provided by the company to fully cover all the area. The sales department will be responsible of selling through distributing agents and inspect these agents regularly to give information and strategy during each period, as well as conduct questionnaire on customer's satisfaction regarding the product and service provided by the company. They are also obliged to hear problems and take that to further improve and resolve later on.

1.4 Project or factory owners

This group of customer will purchase electricity transformer to use in their own factories or buildings such as Advance Pepper Mill Company Limited, True Universal Convergence Company Limited. The marketing officer and/or sales officer will directly contact the procurement department, as well as to advise and present the company's products for the customer to see the importance of using high quality electricity transformer which will greatly help save energy.

2. Foreign customers

2.1 Distributing agents

Currently, the company has 6 agents covering electricity transformer distribution in Australia, Malaysia Italy, and South Africa where the income from export (92%) mainly comes from selling through distributing agents.

2.2 Other customer groups

Other customer groups include contractor and trading firm which will purchase electricity transformer from the company and deliver it to end users in various industries such as paper industry, petrochemical industry, palm oil industry, textile industry, and electronic industry.

Chart showing revenue from each distributing channel by customer type

Customer Type	2013		2014		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from domestic sales						
(1) State and state enterprises	270.46	34.50	189.58	25.49	336.54	28.06
(2) Distributor	21.20	2.70	18.05	2.43	15.91	1.33
(3) Private	330.50	42.16	348.21	46.81	738.96	61.63
Total income from domestic sales	622.16	79.37	555.84	74.73	1,091.41	91.02
Revenue from foreign sales						
(1) Distributor	148.18	18.90	83.23	11.19	67.33	5.62
(2) Private	13.54	1.73	104.76	14.08	40.25	3.36
Total Revenue from Foreign Sales	161.72	20.63	187.99	25.27	107.58	8.98
Total Revenue from Sales	783.88	100.00	743.83	100.00	1,198.99	100.00

2.3 Pricing policy

The company has a policy towards pricing that follows the cost plus margin rule which will be different according to each customer type and consider the competitive condition in each market- both domestic and foreign, respond to the product of each customer group which takes in consideration of the product quality and effective after-sale service. Since raw material prices such as silicon steel and copper foil are considerably high and fluctuates according to the World price with a small group of supplier, the company carefully tracks the price trend and amount of supply of each raw material.

2.4 Distribution and distribution channel

Distribution of electricity transformer will by proceeded by the sales department. The responsibility is divided into 2 fields- 1) domestic sales field, servicing state and state enterprise, distributing agents, and private companies, both contractors, industrial customers, and customers in different nations and 2) foreign sale field.

Apart from distribution through the company's sales department, the company also has policy to expand market to cover a wider customer base where it enters various product fairs such as electronic product and machinery fair organized by the Thai Electrical and Mechanical Contractors Association (TEMCA) and other industrial product fair which is the target fairs of the company. During each year, the company will join about 2-3 of these events and join product fairs along with the distributing agents such as ELINEX, IEEE Conference & Exhibition.

Details of the company's distribution channel could be categorised as follow;

1. Distribution through auctioning

Auctioning through price bidding is one of the main distributing channels for customers who are state enterprise producer and distributor of electricity. The process of bidding will begin with price offering. After the company studies information and analyze details of the electricity transformer to arrange documents and calculate price which will be offered. Documents used for price offering are divided to- document presenting the qualification of the bidder and technical documents. Companies entitled to participate in price bidding must pass the basic qualifications in price offering. Once the company wins the bidding, trading contract of the model and time period will be written, along with the security guarantee- most value of the guarantee is 10% of the bidding price.

2. Distribution through distributing agents

In consideration to establish the distributing agents, both domestic and abroad, the company focuses on experience in business, proficiency in marketing, experience in the area, financial condition, and readiness of the agents. A contract will be written for each agent, in case there are more than one agent in each country, the company will determine the area of responsibility of each agent. Distributing agents will act as a channel for distribution of the company's products. They will be responsible in marketing of the electricity transformer in each area, including giving service and maintenance of the purchased product. The company will in addition give technical support to the agents and these agents are also responsible for seeking trend of the product in their respective country of duty so that the existing product will be developed to respond directly to the market demand. Distributing via distributing agents will help the company save management cost since products are sold to distributing agents are outright and agents distribute them directly to customers.

On December, 31, 2015, the company has a total of 3 agents domestically and 6 abroad- covering Australia, Malaysia, Italy, and South Africa.

3. Distributing directly to customers

Marketing officer and/or sales officer will directly contact the customers and take advantage of director's relationship with the customers to find channels to continuously reach the customers. They will present and give information regarding the product and take them to visit the company's factories. This group of customers include; contractor, architecture, and customers who use the products directly such as industrial factory.

3 Product provision

3.1 Production

The company's factory is located at 149 Moo 2 Pluakdaeng-huai prap Road, Tambon Mabyangporn, Pluakdaeng District, Rayong on a 32 Rai land. All electricity transformer is a made to order product which the company has a policy of producing the exact match of product that has been requested by the customers and focus mainly on the product's quality. The technology towards the design and production, machinery used in production such as steel cutting machine, coil wrapping machine, and stove are imported from Germany. The testing process of each electricity transformer complies with international standard and controlled by a computer system

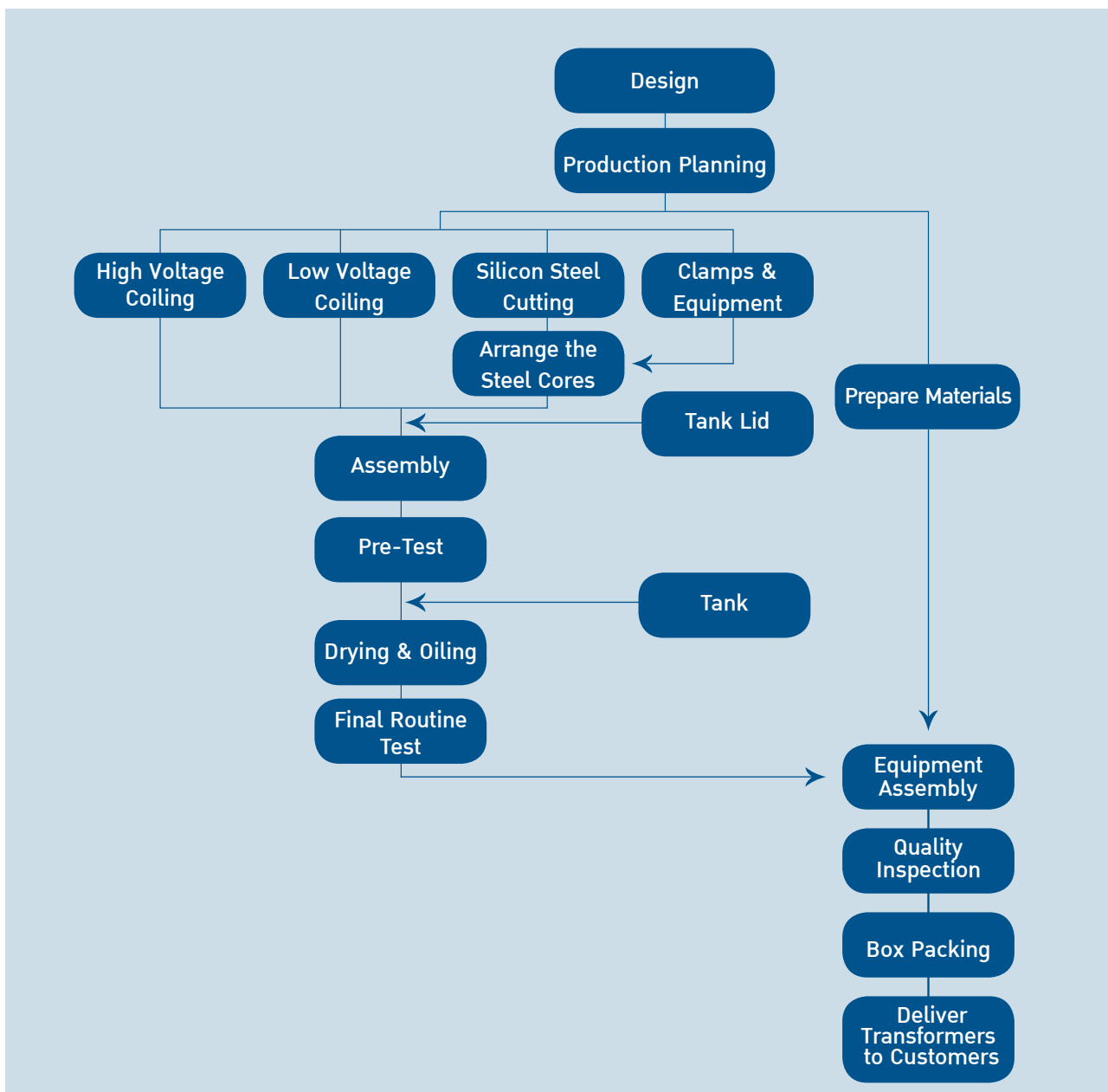
In 2015, the company has implemented TQM 2014 comes to the continuously improving production To support the expansion of the business in the future. In recent years, , with the main goal is to shorten the production time reduction to increase the production volume and production process, adjustments (balance Line) to reduce losses, such as from the lead and the production exceeds demand by year 2015 production company is still close to a year but focused 2014 capacity performance.

3.2 Production Capacity

	2010	2011	2012	2013	2014	2015
Production Capacity (KVA)	952,000	976,000	1,215,000	1,482,000	1,701,000	1,715,000
Production Amount (KVA)	638,238	952,380	1,379,748	1,236,562	1,322,535	1,791,847
Production Capacity Rate (%)	67.04	97.58	113.56	83.44	77.75	104.48

In 2015, the production capacity increased slightly from the year 2014 to about 0.82%, but the volume of production increased by 35.49%, using existing resources, implementing TQM to improve the manufacturing process. To reduce production time can be shortened. The balance of production. Believes that it can increase production to rise again.

3.3 Manufacturing & Production Processes



1. Design

The company's electric transformers are custom-made to meet customer orders. The transformers are completely designed by using a modern computer program with high accuracy and capable engineers with extensive design experience to ensure the results meet the customers' specifications and purpose. The computer design can show immediately results as outline drawings.

2. Production planning and equipment preparations

The electric transformer's order information from customers is entered into the ERP system and used for the purchase plans of raw materials and equipment, including the production plan. The planning will include updates to the production plans for punctual delivery as per customer orders which will require close cooperation between the Sales, Production, and Procurement Departments.

3. Silicon steel cutting and steel core arrangement

The company uses silicon steel cutting machines from Germany controlled by a computer system, thereby making it possible to cut silicon sharply, quickly and precisely in which the computer will calculate the drilling locations of the steel core and cut silicon steel at the same time, fully preserving the electrical properties of the silicon steel core. The silicon sheet will then be cut to shape and sent to the steel arranging section. For steel arrangement, the steel pieces will be placed in overlapping levels (Step-Lap) using a stacking table. The aforementioned step-lap method results in no-load loss, exciting current of the steel cores and will reduce the transformers, thus reducing noise disturbance and costs for the loss values.

4. Primary (High Voltage) and Secondary (Low Voltage) Coiling

The company uses copper foil as the raw material used for primary coiling instead of using paper-insulated flat wires as in the past, thereby giving the transformer maximum resistance to power surges and short circuits because the copper foil has better current distribution properties combined with the secondary coiling using the long layer method with a high voltage winding machine to control the tension and arranging the wires with a computer system to make the quality of each coil layer meet uniform tension standard which will increase the effectiveness and quality of the coils.

5. Assembly of Wire Coils and Steel Cores

This step takes place when the wire coils are assembled with the steel cores in which the primary coil is assembled near the steel core and the secondary coil is placed on top of the outer part of the primary coil. Next, these are assembled with the upper yoke in combination with the installation of the tank lid, bushing and tap changer, and the internal wiring as in the design.

6. Pre-Testing

Once the steel core and the primary and secondary coils have been assembled, the Testing Department will then perform preliminary testing of the electric transformers as follows:

- Measurement of Winding Resistance
- Measurement of Turn Ratio
- Checking of Polarity or Vector Group
- Megger Testing

7. Drying and Oiling

In the drying of electric transformers, the company uses a modern vacuum oven controlled by a computer system from Germany. Furthermore, the company is the only company in South East Asia to use Electric Low-Frequency Heating technology to remove moisture from the electric transformer by directly delivering low frequency electrical currents to the coils of the electrical transformer in a vacuum environment which is a way to transmit heat from the inside to the outside. This method will remove moisture from the innermost part of the coils in a short time compared to the heater which is a method used to heat the coils from the outside, but unable to remove all moisture. Furthermore, the company also uses technology for oiling

the transformer in a vacuum oven in a way for the oil to fully infiltrate the insulation system and can prevent 100% of moisture from coming in to contact with the inside of the transformer, which effectively extends the transformer's usage life.

8. Final Routine Testing

After the transformers have gone through all of the procedures, all transformers will be required to go through a final routine test. The company's testing equipment is controlled by computer and calibrated regularly, thereby yielding test results that are accurate and precise with ability to report test results immediately. The testing list is composed of the following:

- Measurement of winding resistance
- Measurement of voltage ratio and check of phase displacement
- Measurement of short circuit impedance and load loss
- Measurement of no-load loss and current
- Separate source AC withstand voltage test
- Short-duration induced AC withstand voltage test
- Measurement of insulation resistance
- Oil dielectric test
- Leakage test

3.4 Raw Material Procurement

The top five main raw materials used for the production of the company's electric transformers are silicon steel, enameled round wires, electric transformer tank sets, copper foil and transformer oil. The company orders the raw materials from both domestic and foreign manufacturers and/or suppliers. Therefore, the company has policy for the purchase of raw materials by considering various factors as follows:

1. Raw Material Quality

Due to the fact that company policy give importance to product quality, the company emphasizes ordering quality raw materials from manufacturers/suppliers with potential and capability to deliver quality raw materials meeting specifications completely and as scheduled. The company has prepared an approved vendor list for use in screening for quality manufacturers and suppliers. In any case, the company has processes for evaluating the quality of raw materials, including visits and inspections of new manufacturers before granting approval to become the company's manufacturer/supplier. The company will review the evaluation results every six months by mainly considering the quality and delivery history of the raw materials. Furthermore, the Quality Assurance Department will conduct random testing of raw materials every time the vendor delivers the raw materials to ensure the quality of the raw materials used meet the requirements for the company's production process.

2. Raw Material Delivery Times

When ordering raw materials from domestic sources, the delivery time is approximately 15-30 days, depending on the product type. When ordering from foreign sources, however, the delivery time is approximately 1.5-3 months because the delivery time needs to be considered in terms of the country from which it was ordered. Therefore, if the materials can be ordered from domestic manufacturers/suppliers with quality similar to foreign manufacturers/suppliers or with quality meeting the company's specifications, e.g. the enameled round wire, paper insulated flat wire, enameled flat wire and various transformer parts, etc., the company usually orders from domestic sources because of the shorter delivery time, thereby making it more convenient and efficient to manage the product balance.

3. Raw Material Prices and Price Trends

The price of silicon steel and copper, in particular, which are considered a commodity with dynamic pricing according to the world market prices, the company considers each raw material order in terms of the order amount and an appropriate purchase time. The company follows the movements and trends of the raw material prices closely in order to effectively manage raw material costs.

4. Exchange Rates

Because the company has purchased raw materials from foreign countries in proportions of 31%, 32% and 36% from 2012-2015, respectively, the company will closely track the movements with the exchange rates of various important currencies and make proper purchase/sales agreements in foreign currencies beforehand as a means of preventing risks from potential fluctuations in currency.

5. No Exclusive Reliance on Only One or a Few Manufacturers/Suppliers

The company has a policy of procuring raw materials from many manufacturers/suppliers for each type of raw material, especially for silicon steel, enameled round wire, electric transformer tank set, copper foil and transformer oil. The company has only one or two main manufacturers/suppliers because each manufacturer/ supplier has a minimum order amount and doing so increases the company's bargaining power with the aforementioned manufacturers/suppliers both for the price and the delivery time of raw materials. However, other than the aforementioned manufacturers/suppliers of raw materials, the company also orders raw materials from other manufacturers/suppliers to maintain good relations and minimize the risk of relying too heavily on one or a few manufacturers/suppliers.

Table showing the proportions of raw material purchases from domestic and foreign sources.

	2013		2014		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Raw materials purchased domestically.	324.22	69.00	302.97	67.00	468.68	64.00
Raw materials purchased abroad.	146.92	31.00	147.62	33.00	268.02	36.00
Total raw materials purchased	471.14	100.00	450.59	100.00	736.70	100.00

The company's main raw materials are described as follows:

1. Silicon Steel

Silicon steel is considered an essential material in the production of electric transformers and is calculated in proportions of approximately 23 percent and 24 percent of the total value of raw material purchases in 2014 and 2015, respectively. The company mostly imports silicon steel from distributors in South Korea and some from Japan by pre-ordering the materials on a quarterly basis. However, because the high quality silicon steel used in the production of electricity transformers is a commodity with few manufacturers, silicon steel is manufactured in limited quantities. Therefore, in case the amount of silicon steel ordered from foreign countries is insufficient to meet the company's requirements, the company orders more silicon steel from other countries, so the company will be able to manufacture electric transformers on time as scheduled by the customers.

2. Enameled Round Wire

The enameled round wire is a material used for the coiling of the secondary coil which performs the task of receiving electricity from a high voltage power line and converting the electricity into a magnetic energy circling the steel core for transmission to the primary coil. The company has calculated the total amount of the enameled round wire in proportions at 100 percent and 100 percent of the total material cost for 2014 and 2015, respectively. Domestic manufacturers make up 100 percent of the suppliers because the enameled round wire manufactured domestically has qualities similar or equal to the wire imported from abroad but takes less time to purchase which enables the company to manage the product's balance more effectively.

3. Electricity Transformer Tank Set

In 2014 and 2015, the company purchased an electric transformer tank set calculated in proportions at 22.00 percent and 9.26 percent of the total material cost respectively. In 2015, the company will produce some electric transformer tank sets to help cut production costs and meet transformer needs with shorter delivery times to increase competitive capacity. However, the company continues to buy from 1-2 domestic manufacturers in line with the suitability of specifications and the number of orders, price and the product delivery time. The tanks the company manufactures take about 5-10 days and the delivery time for tanks ordered from foreign manufacturers is approximately 15-30 days.

Foreign manufacturers set a per kilogram price for electric transformer tanks. For the most part, this price will not change. In cases where manufacturers change the prices, the company needs to be notified at least one month in advance.

4. Transformer Oil

In 2014 and 2015 the company purchased transformer oil in proportions calculated at 11.00 percent and 7.03 percent of the total material cost, respectively. The transformer oil is manufactured specifically for electricity transformers and has good insulating properties. The oil performs the task of transporting the heat from inside the transformer to the outside of the tank to be emitted to the external air. In ordering the transformer oil, the production plan will be considered by ordering from domestic distributors approximately three months in advance because distributors have a minimum amount requirement for orders. Furthermore, the delivery time of the transformer oil is reconfirmed with the distributor by relying on information from close coordination between the Procurement Department and the Production Department to prevent material shortages. Consequently, the Procurement Department monitors the movement of oil prices by regularly requesting information from the distributors to effectively manage the purchasing of transformer oil.

5. Copper Foil

Copper foil is a material used for primary coil coiling which performs the task of transmitting electricity from the transformer to the load or connected equipment. In 2014 and 2015, the company purchased copper foil calculated in proportions of 13.00 percent and 12.17 percent of the total material cost, respectively. All of the copper foil bought by the company comes from foreign manufacturing sources. At present, the company orders from manufacturers in Germany and South Korea and has been trying to help develop capable domestic manufacturers able to meet international standards as an option and to support the company's supply system. For the ordering of copper foil, the specified minimum purchase amount is considered (Minimum Stock). If the company's amount is down to the minimum required amount, then the ERP system will notify the employees involved to order more materials. The aforementioned system will help the company manage the material balance effectively in proper amounts.

3.5 Environmental Impact

In the past, the company has had no disputes or prosecutions regarding the environment. The company has concentrated on the design and development of electric transformers using less energy that are environmentally friendly together with the technology selected by the company. The company also manufactured an amorphous distribution transformer prototype in 2013 for the production process to conserve energy and effectively minimize environmental pollution, including safety to operators whether in copper foil pressing by using the cold press method which is smoke and hot steam-free, the use of painting and decorating processes of the transformers in the spray booth which have equipment set up to remove paint fumes so paint does not spread into nearby areas and damage the environment. Moreover, the paint used for the transformers is also water-based, so it is not harmful to people and the environment, including the use of a moisture removal systems and an oiling system that uses less energy and reduces hot steam released into the environment.

The company was granted ISO 14001:2004 environmental management accreditation, which is considered proof that the company has an effective environmental management system with control and improvement systems in the production process, including clear plans for managing the environment to reduce or eliminate environmental impact in compliance with regulations. The company was granted Green Industry level three from Ministry of Industry. However the company expect to grant Green Industry level forth.

4. Research and Development

The company has always recognized the importance of research and development because our product quality must be capable of meeting all customers' needs in order to be important. Moreover, research and development will increase the company's competitive capacity while protecting and increasing market shares for the electricity transformer industry on a continual and steady basis.

The research and development expenditure within the company's past five years around 14 million baht





Revenue Structure

Revenue Type	2013		2014		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Electricity Distribution Transformer Sales	774.47	95.41	736.66	95.31	1,198.98	97.11
- Revenue from Domestic Transformer Sales	614.51	75.71	550.35	71.21	1,078.74	87.37
- Revenue from Overseas Transformer Sales	159.96	19.71	186.31	24.11	120.25	9.74
Revenue from Raw Material Sales 1)	9.41	1.16	7.16	0.93	10.58	0.86
Consolidated Revenue from Sales	783.88	96.57	743.82	96.24	1,209.56	97.97
Revenue from Service Provision	20.07	2.48	16.67	2.16	19.63	1.59
Other Revenue 2)	7.73	0.95	7.96	1.60	5.45	0.44
Total Revenue	811.68	100.00	768.46	100.00	1,234.64	100.00

- Remarks:
- 1) Revenue from raw material sales is revenue occurring as a result of the sales of raw materials used as a component for the manufacture of electricity transformers to customers, such as transformer oil, low voltage terminal lugs, bushing gasket sets, etc.
 - 2) Other revenue comprising revenue from scrap sales, profit from exchange rates, interest receivable, etc.

Industry and Competition Situational Analysis

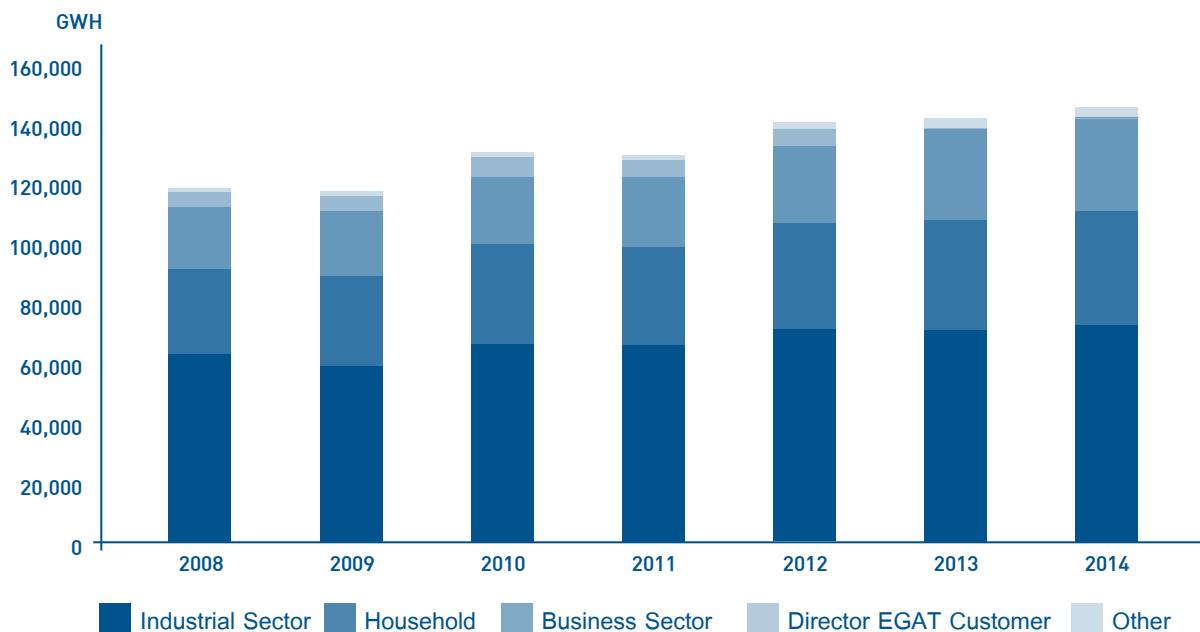


Domestic Market

The electricity transformer manufacturing industry is related to the electricity industry, a basic necessity that plays an important role to the daily lives of people and national economic growth, because electricity transformers are equipment used to reduce the voltage of electrical currents sent from a power source at a level that suits the needs of users such as residents in homes, industrial factories, malls, or high-rise buildings such as hotels, condominiums and office buildings. Therefore, the growth of the electricity transformer industry is adjusted according to annual electricity requirements, which depend on primary factors composed of population, industrial and economic growth. Since electricity is necessary for living and economic growth, electricity users comprise a diverse range of users in industry, business, agriculture and homes. According to the graph below, which

shows the amount of electricity used by user type, it is obvious that the industry sector has the highest proportion of electricity use, followed by homes and businesses. And in 2014, the electricity used by the aforementioned sectors amounted to 73,782GWH, 38,993GWH and 31,362GWH, or proportions of 43.75 percent, 23.12 percent, and 18.59 percent of all domestic electricity consumption, respectively.

Graph showing the types of electricity users from 2008-2014



Source: Electricity Policy and Planning Office, Ministry of Energy

Apart from economic growth influencing the aforementioned demands for power, population growth is a significant factor determining national power demand. Thailand's continual population growth has resulted in community expansions and increased investment in the transmission system by the Provincial Electricity Authority and the Metropolitan Electricity Authority responsible for power distribution to power users in the country. Hence, the demand for electrical transformers in the power transmission system has escalated.

As previously mentioned, power is a basic, essential energy. Inadequate amounts of power for consumer demands will affect the living conditions of the public and the overall view of businesses and the national economy. In cooperation with the Electricity Generating Authority of Thailand, therefore, the Ministry of Energy has prepared the latest Thailand Power Development Plan. This plan is the Thailand Power Development Plan 2015 – 2036 (PDP 2015) approved by the National Energy Policy Office (NEPO) in a meeting held on 14 May 2015 and approved by the Ministerial Cabinet on 30 June 2015. The preparation of the aforementioned Power Development Plan was based on projections on Thailand's future power needs for the first time.

Thailand Power Development Plan of 2015 – 2036 (PDP 2015)

According to the guidelines for preparing the aforementioned plan, the Thailand Power Development Plan of 2015 – 2036 (PDP 2015) can be briefly summarized as follows: At the end of the plan in late 2036, Thailand will have a total net power production capacity of 70,335 megawatts composed of the current power production capacity from the end of 2014 of 37,612 megawatts and production capacity of expired power plans in 2015 – 2036 will be released at 24,736 megawatts.

Power Production Capacity in 2015 – 2036	megawatts
- Power Production Capacity in December 2014	37,612
- New Power Production Capacity in 2015 – 2036	57,459
- Power Production Capacity Released in 2015 – 2036	- 24,736
Total Power Production Capacity at the End of 2036	70,335

Power Production Capacity in 2015 - 2036

New power production capacity in 2015 – 2036 will be equal to 57,459 allocated in the following power plant types:

	megawatts
Renewable Energy Power Plants	21,648
- Domestic	12,105
- Foreign Power Purchases	9,543
Pumped Storage Power Plants	2,101
Cogeneration Power Plants	4,119
Combined Cycle Power Plants	17,478
Thermal Energy Power Plants	12,113
- Coal/Lignite Power Plants	7,390
- Nuclear Power Plants	2,000
- Gas Turbine Power Plants	1,250
- Foreign Power Purchases	1,473
Total	57,459

New Power Production Capacity in 2015 – 2026

At this phase of the plan (first ten years), power plant projects are mostly projects with contract obligations aimed at reinforcing power system security in key risk areas by having a new power production capacity of 36,804 megawatts as follows:

	เมกะวัตต์
Renewable Energy Power Plants	10,644
- Domestic	8,101
- Foreign Power Purchases	2,543
Pumped Storage Power Plants	1,300
Cogeneration Power Plants	4,119
Combined Cycle Power Plants	14,878
Thermal Energy Power Plants	5,863
- Coal/Lignite Power Plants	4,390
- Foreign Power Purchases	1,473
Total	36,804

International Markets

The factors affecting power demand in foreign countries are economic growth and world population growth. The Energy Information Administration (EIA) in the US estimates electricity in each continent around the world until the year 2035, which have an average growth rate of approximately 2.30 per cent per year. The growth of power production of countries outside the Organization of Economic Cooperation and Development (OECD) to be considerably higher than that of OECD countries at 3.3% versus 1.1%, respectively. Asian countries outside OECD are the places where power production growth is the highest at 4.1% per year. Thus, current trends indicate growth for the demand for transformers to be higher than in other regions. Furthermore, when the company's 2015 foreign customer base is considered, it appears that 22.10% of foreign transformer sales came from Malaysian customers, which is the country in the region with highest power production growth. Our company has the capacity to manufacture transformers meeting international standards, thus we believe the company's transformer products can compete in the world market. Thus, there is a chance for consistent growth for the company's transformer exports in the future.

Australia, one of the company's key transformer exporting markets, continues to have stable income from overseas transformer sales in 2015. The Australian market is a large market with a strong industrial sector. However, continual economic slowdown in the Australian economy, particularly concerning delays at large projects in the mining industry due to lower demand for consumer goods, stable or lower power consumption demands in the industrial sector and the power transmission system, have encouraged the company to expand regional foreign markets in Laos, Cambodia, Myanmar, Malaysia, the Philippines, Singapore and Bangladesh. These are developing basic industries such as the mining industry, power plants, industrial estate constructions, manufacturing industries and continually increasing investment from overseas to mitigate risks and expand customer bases.

Competitive Conditions

The transformer market can be divided into the electricity transformer market for power systems and the electricity transformer market for distribution systems. Previously, all of the company's sales were from distribution transformer. There are about 24 manufacturers in the power distribution transformer comprising of small manufacturers that emphasize price strategy rather than quality, and medium and large manufacturers that focus on product quality. Therefore, each group of manufacturers has different customer groups. The company is a medium-sized manufacturer producing high quality transformers to support the work operations of both public and private sector companies. The company's products are TIS 384-2543 accredited and have passed short circuit testing by the CESI in Italy and the KEMA Institute of the Netherlands. Thus, the company's product quality is accepted by domestic and foreign customers; furthermore, our quality is constantly improving. These improvements are constantly enhancing the company's competitive capacity to equal to exceed that of larger manufacturers. Small manufacturers focusing on small groups of customers and putting emphasis on price strategy without giving consideration to product quality are not in the same market with the company.

New manufacturers entering the industry and developing electricity transformer manufacturing processes in order to achieve quality meeting international standards are difficult because they require costly investments for machinery. More importantly, know-how and advanced technology with skilled personnel and production expertise are also essential. Thus, domestic competition comes from about seven manufacturers with technology and ability to manufacture high quality transformers. These manufacturers all require manufacturing technology to enable their products to produce high quality transformers accepted by customers. The company manages production costs in order to achieve maximum efficiency with the goal of building capacity for consistent and sustainable competition. In addition to product development, we also emphasize building good relationships with every customer group to maintain customer bases and continually expand customer bases to have coverage. We can be considered as an organization that pays attention to every step and detail in line with our slogan, **"Quality of Detail"**.



Risk Factors



1 Risks of Revenue Fluctuations and Dependence on Large Customers

The company has revenue from the sales of electricity transformers to customers who produce and distribute state enterprise electricity composed primarily of the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA). The aforementioned customers amount to approximately 25-36 percent of overall sales revenue with a high proportion potentially affecting the company's income if lost. Furthermore, revenue generated by the sales of electricity to the aforementioned group of customers is primarily dependent upon the company's ability to win project auctions, economic conditions and budget of each agency. Therefore, if the company loses auctions, or if auction dates are

changed, or investment budgets for the purchase of electricity transformers decrease,

the company's revenue and performance results will decrease. Thus, the company is shifting focus its to expanding its customer base in the private sector as evident in the proportionate increase of electricity transformer sales to private customers that increased from 49 percent in 2014 to 60 percent of electricity transformer sales in 2015. Moreover, the company has given consideration to increasing product diversity to meet the demands of all customer groups. At present, the company is capable of producing electricity transformers with up to 30 MVA and maximum electrical system of 72 KV and developed the capacity to manufacture amorphous electricity transformers, which are no-load-loss transformers.

2 Risks from Fluctuations in Raw Material Prices

The main raw materials used in transformer production comprise silicon metal, coated round wires and copper foils. The prices of the aforementioned raw materials will fluctuate according to the prices on the world market, which depend on supply and demand in the global market. In the past, the prices of silicon and copper underwent great fluctuations. Therefore, if the costs of raw materials increase rapidly, there may be impacts on the company's sales costs and gross profit margins because the company is unable to adjust product prices at an equal or higher rate than the aforementioned increase in raw material costs, which will have eventually have impact on the company's business performance. However, because the company has policies for setting product prices in line with costs added to the company's gross profit, the company is constantly checking the prices of raw materials, especially raw materials with highly fluctuating prices in order to be able to estimate production costs accurately and as near to real costs as possible so product prices can be set properly. Moreover, the fact that the company's executives have over 30 years of experience in the industry and good relationships with raw material suppliers enables the company to have reliable estimates for for raw material price trends.

3 Risks from Foreign Exchange Rates

The company imports raw materials from foreign countries and exports products for distribution to foreign countries. In 2015, the company had revenue from the sales in foreign currency equal to 120.25 million baht, which was 10.03 % of all sales revenue. At the same time, the company has also ordered the purchases of raw materials

from foreign countries equal to 268.02 million baht, which must be paid in foreign currencies, thereby enabling the company to partially reduce risks from exchange rate fluctuations with natural hedges. However, the company realizes the importance of preventing the aforementioned risks. The company's Finance & Accounting Department will closely monitor the news and movements of exchange rates and the company will consider preventing risks by using forward contracts according to situations and necessity. Moreover, in the sales of transformers to foreign customers, the Sales Department will calculate transformer prices by using mark-ups for foreign exchange rates to cover the costs of risks and fluctuations, which will help minimize risks from fluctuations of exchange rates to a certain degree.



Shareholder Structure

The Company's Top Ten Major Shareholders, as of 30 December 2015, which is the book closing date, is described below:

Top Ten Major Shareholders as at December 30, 2015

No	Shareholder	Number of Shares (Shares)	Shareholder Ratio (%)
1	Tantanasin Group		
	1.1 Miss Sasikarn Tantanasin	45,000,000	22.50
	1.2 Mr. Patcharapong Tantanasin	41,716,000	20.86
	1.3 Mrs. Alisara Charuenvanich	36,602,600	18.30
	1.4 Mr. Poonphiphat Tantanasin	598,600	0.30
	Tantasin Group have shares totally	123,917,200	61.96
2	Maybank Kim Eng Securities PTE.LTD	9,621,500	4.81
3	Mr. Warrapot Hirunpiwong	3,000,000	1.50
4	Mr. Intharat Wongsri	2,100,000	1.05
5	Thai NVDR Co., Ltd.	1,951,000	0.98
6	Mr. Supakorn Emasuda	1,500,000	0.75
7	Mrs. Kasemsirin Boonta	1,488,800	0.74
8	Mr. Weerapoj Leauprasitsakul	1,251,800	0.63
9	Mr. Siripong Jirawongprapa	1,209,600	0.60
10	Mr. Amorwat Tirakitporn	1,200,000	0.60
	Other Shareholders	52,760,100	26.38
	Total	200,000,000	100.00

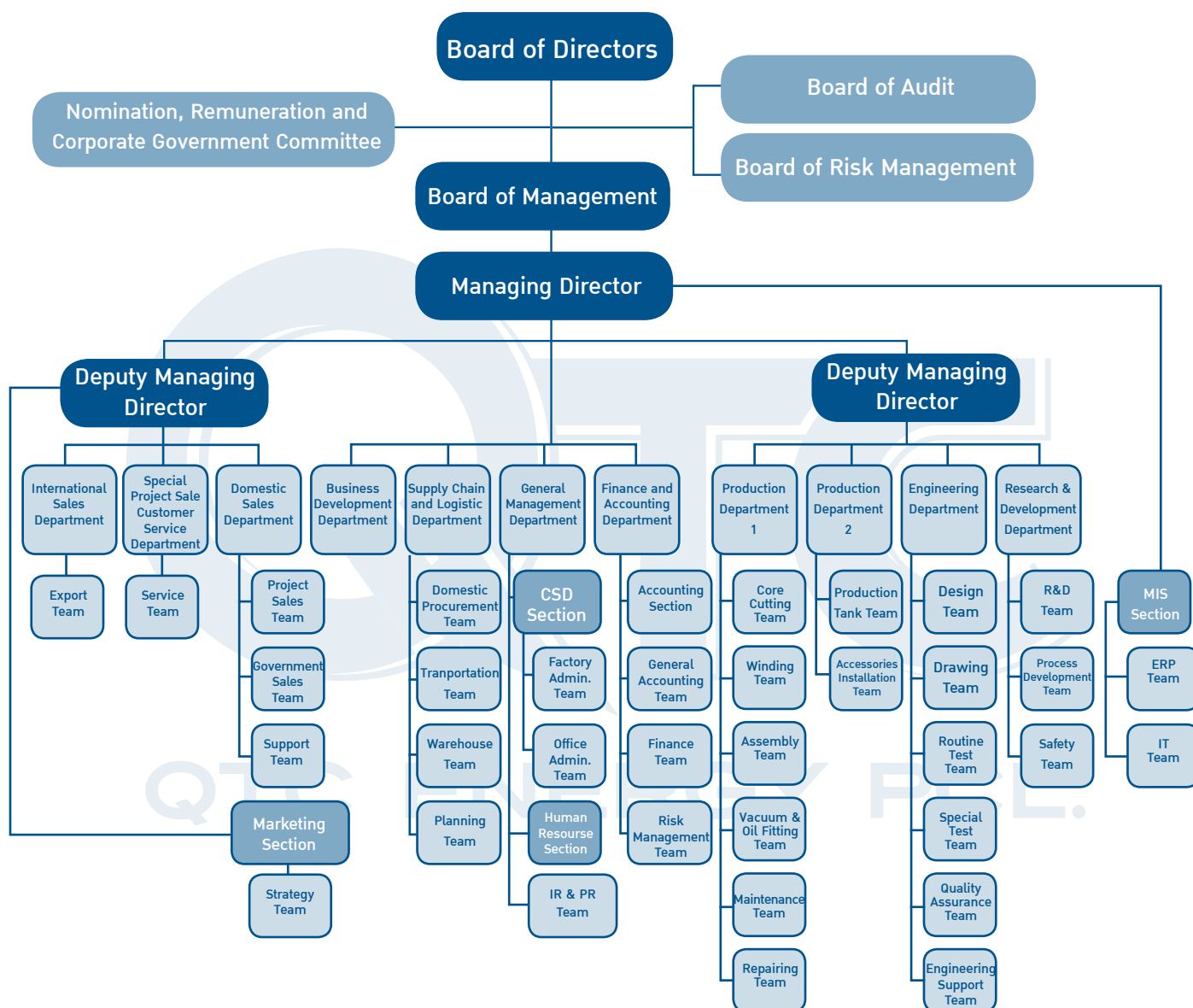
Dividend Payment Policy

The company has policy for payment of annual dividends at no less than fifty percent of the net profit after deduction of juristic person income taxes and allocation of reserve funds in compliance with the law. However, the company may consider dividend payments differing from the set policy, depending upon business performance, financial liquidity, economic conditions and necessity to use current capital in order to manage operations and expand the company's business.

Management Infrastructure

1. Management Structure

As of 31 December 2015, the company had the following corporate management structure:



The organizational structure of the company's Board of Directors consists of 5 series include the Board of Directors, the Executive Committee, the Audit Committee, the Nomination Committee. Compensation and corporate governance Committee and the risk management committee, with the names of members and scope of authority as follows:

1.1 Board of Directors

The company's board of directors consists of the following seven directors:

First-Last Name	Position
1. Prof. Dr. Somchob Chaiyavej	Chairman and Independent Director
2. Mr. Poonphiphat Tantanasin	Director
3. Mr. Siripong Boontam	Director
4. Mr. Nakorn Phrasert	Director and Independent Director
5. Mr. Padetpai Meekun-iam	Director and Chairman of the Audit Committee
6. Mr. Polrachot Piyathanom	Independent Director and Audit Director
7. Mr. Nattapol Lilawattananan	Independent Director and Audit Director

Miss Boonpa Ruddist is the corporate secretary appointed by the 1/2554 meeting of the board of directors on 24 February 2011.

Signatory Directors Authorized to Sign and Obligate the Company

Mr. Poonphiphat Tantanasin has signatory authority with Mr. Siripong Boontam and affixes the company seal.
Board of Directors Scope of Authority and Duties

1. The board of directors has the authority, duty and responsibility of managing the company according to the company's bylaws, objectives and regulations, including legal resolutions by the meeting of shareholders with integrity and must maintain the company's interests.
2. The board of directors must arrange a general shareholder's meeting within four months from the end of the company's accounting cycle.
3. The board of directors must arrange a meeting of the company's board of directors at least every three months.
4. The board of directors must arrange credible systems for accounting, financial reports and auditing, including efficient and effective systems for internal control, internal auditing and risk management.
5. The board of directors must arrange the company's balance sheets and profit-loss statements at the end of the company's accounting cycle, which must be audited by an auditor and presented to the meeting of shareholders for consideration and approval.
6. The board of directors must set the company's goals, guidelines, policies, business plans and budgets along with monitoring and supervision, so the administration and management of executives concurs with work planning policies and setting budgets with efficiency and effectiveness.
7. Furthermore, the scope of the board of directors' duties includes direction for the company to comply with laws on securities and securities exchanges, announcements of the Capital Market Supervisory Board, specifications of the Stock Exchange of Thailand such as engaging in connected transactions, acquisitions or sales of significant properties, or laws associated with the company's businesses.
8. The board of directors must consider reviews, audits and approvals of plans by the executives for business expansion, large investment projects, including participation in investments with other business operators proposed by the executives.
9. The board of directors must continually monitor performance for concurrence with plans and budgets.
10. The board of directors must consider designating executive structures with authority to appoint the Executive

Board of Directors, Managing Directors and other sub-committees as deemed fitting, such as the Audit Committee, the Recruitment Committee, the Remuneration Committee, etc., including the setting of the scopes of authority and duties of the Executive Board of Directors, Managing Directors and various appointed sub-committees.

Authorizations according to designated scopes of authority and duty with no characteristics of allowing the aforementioned Executive Board of Directors, Managing Directors and various sub-committees to be able to consider and approve transactions with potential conflicts of interest or conflicts of any other interests with the company or its subsidiaries (if any), except for approval of transactions in line with policies and criteria considered and approved by the board of directors.

11. The board of directors may authorize a director, several directors, or any other persons to perform any actions on behalf of the board of directors under the control of the board of directors, or the board of directors may authorize the aforementioned persons to have authority as deemed necessary by the board of directors within the period of time the board of directors deems fitting. The board of directors may cancel, withdraw, change or revise authorizations as deemed necessary.

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

1.2 Executive Board of Directors

The company's Executive Board of Directors comprises the following five directors:

First-Last Name	Position
1. Mr.Poonphiphat Tantanasin	Chief Executive Officer
2. Mr.Siripong Boontam	Executive Director
3. Mr. Ruangchai Kritsnakriengkrai	Executive Director
4. Miss Boonpa Ruddist	Executive Director
5. Miss Chotika Chumpon	Executive Director

Miss Boonpa Ruddist is the secretary of the Executive Board of Directors appointed by the 1/2554 meeting of the board of directors on 24 February 2011.

Scope of Authority and Duties of the Executive Board of Directors

1. Proposal of goals, policies, business plans, including the company's business strategies and annual budgets for consideration of approval by the company's board of directors.
2. The executive board of directors must supervise compliance of the company's businesses with policies, work plans and budgets approved by the company's board of directors.
3. Consideration of approval of the company's regular business transactions, such as investments to purchase machinery and other properties in line with investments or budgets approved by the company's board of directors, purchases of raw materials into warehouses, sales of goods, etc. The balances for each transaction must be made under authority with the approval of the company's board of directors.
4. Establish corporate structure, authority to administrate the corporation and consider adjusting the salaries and bonuses of employees at levels lower than departmental managers, including consideration of approval of labor rates not included in annual budgets.

5. The executive board of directors has the authority to appoint or employ consultants associated with corporate administration for maximum efficiency.
6. The executive board of directors must consider the company's profits and losses and propose interim dividend payments or annual dividends for approval from the company's board of directors.
7. The executive board of directors has the authority to authorize any person or persons to operate under the control of the executive board of directors or authorize the aforementioned person or persons to have authority as deemed fitting by the executive board of directors within a period of time deemed fitting by the executive board of directors. The executive board of directors may cancel, withdraw, change, or revise authorized persons or authorizations as deemed necessary.
8. Perform other duties assigned by the company's board of directors.

Authorizations of authority, duties and responsibilities by the executive board of directors must not be characteristic of authorizations or temporary authorizations enabling the person or persons authorized by the executive board of directors to approve of transactions in which that person or other persons have potential conflicts of interest (according to the definitions set forth in the announcements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies) as stakeholders or with any other conflicts of interest with the company or its subsidiaries and/or related companies. The executive board of directors does not have the authority to approve of actions regarding the aforementioned issues. The aforementioned issues must be presented to the meeting of the board of directors and/or the meeting of shareholders (depending upon the case) for approval, except for approval of transactions under normal business and trade conditions according to the announcements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies.

1.3 Board of Audit

The entire Board of Audit is composed of three independent directors who possess knowledge, ability, experience and qualifications in line with the SET's regulations. The Board is composed of non-executive directors with office terms of three years each.

First-Last Name	Position
1. Mr. Padetpai Meekun-iam	Chairman of the Board of Audit
2. Mr. Polrachot Piyathanom*	Audit Director
3. Mr. Nattapol Lilawattananan*	Audit Director

Remarks: * A director with sufficient knowledge and experience for reviewing the credibility financial statements'.

Miss Pavinee khungeakkavin is the Internal Auditor and Secretary of the Board of Audit.

Scope of Duties and Responsibilities for the Board of Audit

1. To review the accuracy and sufficiency of the company's financial reports.
2. To review the suitability and effectiveness of the company's internal control systems and internal audits, and to consider the independency of the internal audit agency, and to approve consideration of the appointment, transfer, termination of the head of internal audit or any other agencies responsible for internal audits.
3. To audit the company's compliance with the laws governing securities and exchange markets, the specifications set forth by the Stock Exchange of Thailand and the laws related to the company business.
4. To consider, select and propose the appointment of independent individuals in order to serve as the company's auditors, to propose remuneration for the aforementioned persons, and to attend meetings with the auditors without the management at least once a year.
5. To consider related transactions or transactions with potential conflicts of interest for compliance with the laws and regulations of the stock market in order to ensure that the aforementioned transactions are reasonable and in the company's optimal interests.
6. To prepare Board of Audit reports for dissemination in the company's annual report. The aforementioned reports must be signed by the chairman of the Board of Audit and must contain the following minimum information:

- (a) Opinions on the accuracy, completeness and credibility of the company's financial report.
 - (b) Opinions on sufficiency of the company's internal control system.
 - (c) Opinions on legal compliance on securities and exchange, and securities market regulations or laws related to the company's business.
 - (d) Opinions on auditor's suitability.
 - (e) Opinion on potential conflict of interest transactions.
 - (f) Number of Board of Audit's meetings and meeting attendance by each audit director.
 - (g) Overall opinion or observation rendered by Board of Audit receives on execution of duty in line with charter.
 - (h) Other transactions that should be known by shareholders and general investors with the scope of the duties and responsibilities set forth by the board of directors.
7. Any other operations assigned by the board of directors with the Board of Audit's approval.

1.4 Nomination, Remuneration and Corporate Governance Committee

First-Last Name	Position
1. Mr. Polrachot Piyathanom	Chairman of the Nomination, Remuneration and Corporate Governance Committee.
2. Mr. Nakorn Phraprasert	Director
3. Mr. Poonhipat Tantanasin	Director

Miss Boonpa Ruddist serves as the Secretary of the Nomination, Remuneration and Corporate Governance Committee.

The Nomination, Remuneration and Corporate Governance Committee serves for three years per term.

Scope, Authority, Duties and Responsibilities of the Nomination, Remuneration and Corporate Governance Committee

Designates criteria and policy for recruiting company directors, sub-directors and high-ranking executives by considering the suitability of numbers, structures and composition of the Board of Directors along with designating director qualifications for presentation to the company's Board of Directors and/or the general meeting of shareholders to request approval, depending on the case.

Executive Recruitment and Appointment

1. Sets criteria and policy for recruiting company directors, sub-directors and high-ranking executives by considering the suitability of numbers, structures and composition of the Board of Directors along with setting director qualifications for presentation to the company's Board of Directors.
2. Considers recruitment, selection and currently qualified persons to the positions of directors whose terms are complete and/or in cases of vacant positions and/or additional appointments.
3. Considers and screens persons qualified for becoming Managing Directors to fill vacant positions, including the specification of succession plans for high-ranking executives.
4. Any other operations involved with recruitment according to assignments by the company's Board of Directors.
5. Assesses the performance of the Chief Executive Officer (CEO) for presentation to the meeting of the company's Board of Directors for consideration of approval.

Remuneration

1. Sets policies and criteria for paying remuneration to the company's Board of Directors, the Audit Committee, the Executive Committee and high-ranking executives by presenting to the company's Board of Directors.
2. Specifies necessary and appropriate amounts of annual monetary and non-monetary remuneration for the company's Board of Directors, the Audit Committee, the Recruitment, Remuneration and Good Governance Committee and the Executive Committee by considering amounts commensurate with duties, responsibilities, performance, comparisons with other companies in similar businesses and benefits expected from directors

to present to the company's Board of Directors for consideration and present to the meeting of shareholders in order to request approval, depending on the case.

3. Considers the review of policies and criteria in setting remuneration and remuneration payment systems as deemed commensurate with duties and responsibilities in addition to reviewing concurrence with the company's performance and market conditions by primarily considering future benefits for the company.
4. Reports on policies and principles/reasons for remuneration set for directors and executives according to the specifications of the Stock Exchange of Thailand by disclosing in the annual information disclosure form (56-1) and the company's annual report (56-2).
5. Sets annual bonus and salary raise rates based on the company's performance.
6. Considers filtering the company's salary structures and other benefits and returns.
7. Performs any other relevant actions as assigned by the company's Board of Directors. The Administrative Department and various agencies are required to report or present information and relevant documents to the Recruitment, Remuneration and Good Governance Committee to support the Recruitment, Remuneration and Good Governance Committee in successfully operating according to assigned duties.

Corporate Governance

1. Considers reviews and presentations for the company's Board of Directors to approve of policies concerning good governance, business ethics, corporate social and environmental responsibility with sustainable development of the company and any other policies or practice guidelines promoting the company's sustainable growth.
2. Ensures that the Administrative Department implements various policies/practice guidelines in 1 for ongoing company development. The aforementioned policies and guidelines must be in line with and appropriate for the company's business, recommendations of associated agencies and comparable to international standards.
3. Follow-up and review various work systems in the organization for concurrence with good ethics and practice guidelines according to outlined policies and practice guidelines.
4. Supervise the company's operations according to good governance principles of agencies with regulatory authority in compliance with the law such as the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, etc.
5. Report the organization's performance in line with corporate governance policies and other related policies to report to the company's Board of Directors and external organizations as appropriate.

1.5 The Board of Risk Management

First-Last Name	Position
1. Mr.Poonphiphat Tantanasin	Chairman of The Board of Risk Management
2. Mr.Siripong Boontam	Director
3. Mr. Ruangchai Krissanakriangkrai	Director
4. Miss Boonpa Ruddist	Director
5. Mr. Charoensak Sarawong	Director
6. Mr. Chanvut Meeploi	Director
7. Mr. Wichai Promsirisuk	Director
8. Miss Suanya Phummanulap	Director
9. Mr. Nipat Chingchamikorn	Director
10.Miss Sasikarn Tantanasin	Director
11. Miss Chotika Chumpon	Director & Secretary

Scope and Responsibilities of the Board of Risk Management

1. To set overall risk management policy and guidelines covering various types of important risks such as financial risks, exchange rate risks, marketing risks and other risks potentially affecting the company's operations and reputation for presentation to the board of directors for approval.
2. To perform assessment and analysis on potential risk factors including the setting of risk measuring criteria and acceptable risk ceiling.
3. To establish processes for managing, assessing, controlling and monitoring risks; to develop processes in to achieve optimum efficiency and suitability in managing all types of potential risks.
4. To regularly report to the board of directors on the management, operations and corporate risk status and changes as well as areas for improvement or correction and notify the Board of Audit to review the sufficiency and suitability of risk management.
5. Manages and controls overall corporate risk management for concurrence with good governance principles.
6. Reviews the sufficiency of policy and risk management systems as well as effectiveness of the system and compliance with set policy.
7. Arranges for a risk management team as necessary.
8. Executes duties as assigned by the board of directors.
9. The board of risk management holds meetings at least once every three months, and reports to the Board of Audit and the board of directors for awareness every quarter.

QTC recognize the importance of good corporate management in driving the organization toward stable growth and business expansion, steady financial status and earning apposite dividends for shareholders. Thus, the company has deemed it fitting to employ risk management practices with operational frameworks and risk management processes compliant with the standards of the Committee on Sponsoring Organizations of the Treadway Commission (COSO), which is an international standard, in order ensure that the people involved have understanding and proper application of risk management principles.

The Risk Management Committee specified the following corporate risk management policies:

1. Risk management is the responsibility of employees at all levels who are required to take into consideration the operational risks existing in their respective agencies and organization as well as prioritize risk management on appropriate and proper levels.
2. All departments are to be responsible for risk assessment; determining risk indicators, preventive guidelines and mitigation or prevention mitigation of potential risks, including regular monitoring and evaluation of risk management. Furthermore, all departments are required to make risk reports according to the operational framework and procedures for risk management.
3. Risk management procedures must be secondary to the decision-making, strategy planning, work plans and operations of the company.
4. When employees witness or become aware of risks with potential Impact on the company, the employee is required to immediately report the aforementioned risks to the persons involved for further risk mitigation.
5. Constantly promote and provide knowledge and understanding about risk management procedures and guidelines for executives and employees in order to emphasize the importance of awareness and participating in the organization's risk management as part of a culture leading to value creation.

1.6 Executives

The company has a total of eleven executives as follows:

First-Last Name	Position
1. Mr. Poonphiphat Tantanasin	Chief Executive Officer & Managing Director
2. Mr. Siripong Boontam	Deputy Managing Director
3. Mr. Ruangchai Krissanakriangkrai	Deputy Managing Director
4. Miss Boonpa Ruddist	Manager, General Management Department
5. Miss Chotika Chumpoon	Manager, Finance & Accounting Department
6. Mr. Charoensak Sarawong	Manager, Production Department 1
7. Mr. Chanvut Meeploi	Manager, Engineering Department
8. Mr. Wichai Promsirisuk	Manager, Supply Chain and Logistics Department
9. Mr. Miss Suanya Phumomanularp	Manager, Domestic Sales Department
10. Mr. Nippat Jingjamikorn	Manager, Customer Care & Service Center Department
11. Miss. Sasikanjana Tantanasin	Manager, Business Development Department

Scope of Authority and Duties of the Managing Director

1. Supervise business operations and/or administrate the company's daily work.
2. Carry out or administrate work in line with policies, work plans and budgets approved by the board of directors and/or the executive board of directors.
3. Set the company's policies, business plans, business strategies and annual budgets for presentation to the executive board of directors and request approval from the company's board of directors.
4. Consider approval of the company's regular business transactions, such as investments to purchase machinery and other assets in line with investment budgets or budgets approved by the company's board of directors, purchases of raw materials into warehouses and distribution of products, etc. The balance for each item must be approved by the authority of the company's board of directors.
5. The Managing Director has the authority to approve rates for labor, employment and filling employee positions, appointment and transfers of employees at levels lower than departmental managers as approved by the company's board of directors, including the consideration of duties and responsibilities of each unit and position.
6. Continually monitor and evaluate the company's performance. The Managing Director also has the duty of reporting on performance and management, including work progress, to the Executive Board of Directors, the Audit Committee and the company's board of directors.
7. Consider approval of entry into agreements regarding the company's regular business. The balance for each transaction must be in line with authorization already approved by the company's board of directors.
8. Issue orders, regulations, announcement and various records for the company's performance in line with policies in the interests of the company, including the maintenance of discipline in the corporation.
9. The Managing Director has the authority to appoint committees or various working groups for benefits, efficiency and transparency in management. The Managing Director has the authority to authorize any person or persons to operate under the control of the Managing Director and the Managing director may authorize the aforementioned person or persons to have authority as deemed fitting by the Managing Director. The Managing Director may cancel, terminate, change, or amend persons who have been granted authority, or the granting of said authority, as the Managing Director deems it fitting to do so.
10. Perform other duties as assigned by the executive board of directors or the board of directors.

On any issues where the Managing Director, persons authorized by the Managing Director, or persons with potential conflicts of interest (according to the definitions set forth in the announcements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies) as stakeholders or other conflicts of interest with the company and/or its subsidiaries and/or affiliated companies, the Managing Director has no authority to approve of the aforementioned issues. The aforementioned issues must be presented to the meeting of the company's board of directors and/or the meeting of shareholders (depending upon the case) in order to request approval, except for approvals of transactions in accordance with the company's regular business and trade conditions as set forth in the announcements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies.

The Chief Executive Officer is under obligation to perform the following:

1. Serve as Chairman at meetings of the company's Board of Directors.
2. Call the meeting of the company's Board of Directors.
3. Cast the deciding vote in cases where the meeting of the company's Board of Directors has voted and found the vote to be tied.
4. Serve as the Chairman at shareholders' meetings.

Setting Authority to Approve of Financial Amounts

The company has set authority for the approval of financial amounts for the company's regular business transactions, which can be summarized as follows:

	Department Managers	Deputy Managing Director	Managing Director	Executive Board of Directors
(1) Investments from investment budgets (per project).	-	No more than 2 million baht	No more than 3 million baht	No more than 20 million baht
(2) Investments outside of budget plans.	-	-	-	No more than 5 million baht
(3) Expenses associated with assets: - Purchases of machinery according to investment budgets. - Purchases of other assets.	- -	No more than 2 million baht No more than 2 million baht	No more than 3 million baht No more than 3 million baht	No more than 24 million baht No more than 24 million baht
(4) Sale of products by setting prices according to price policies (Price List).	No more than 5 million baht	-	No more than 10 million baht	No more than 50 million baht
(5) Sale of products by setting prices lower than price policies (Price List) ¹ .	No more than 10%	-	No more than 15%	> 15%
(6) Requests to purchase raw materials into ware houses for production ²	No more than 1 million baht	No more than 5 million baht	No more than 10 million baht	> 10 million baht
(7) Requests to purchase machinery/ instruments/buildings and facilities ³ .	No more than 200,000 baht	No more than 2 million baht	No more than 3 million baht	> 3 million baht

Remarks:

1. Considerations for approval of product sales at prices lower than price lists must also include consideration of sales values apart from proceeding as authorized in (5) by requesting approval from authorized persons in line with the sales values set forth in (4).
2. The company has considered granting the executive board of directors the authority to approve of requests to purchase raw materials for production into warehouses without financial limitations, because the main raw materials which need to be ordered, e.g. silicon and copper foil, are raw materials with few producers and sales prices referenced to prices on the global market which is constantly changing. Therefore, considerations of each purchase order will be made in terms of need for raw materials, including trends in the fluctuating prices of main raw materials, which rely on flexibility and speed in the process. In practice, however, the company reports the aforementioned issue to the company's board of directors in board of directors meetings.
3. Investments to purchase machinery must concur with investment structures approved by the company's board of directors. In terms of procedures, the party to purchase the assets must request approval to purchase assets as authorized in (3). The authority in (7) involves signing for approval of purchase requests.

2. Self – Evaluation of the Board of Directors

The board of directors requires the evaluation on the operation of the board of directors annually at least 1 time per year to perceive problems and threats during the last year and improve the efficiency of operation of Board of Directors because they can perceive their responsibilities and duties explicitly. In addition to improve the relationship between Board of Directors and Management Department as well as improve direction of problem solving to meet with good corporate governance. Assessment criteria has the following details: Performance, policies, correctional guidelines in cases where operations did not occur according to specifications, preparations before attending meetings, practices concerning the governance of the company's business, performance of duties as the Chairman and risk management monitoring, etc. The results of the assessment, the Commission analyzed statistical data. And the outcome of the evaluation of the Company's Board of Directors in order to contribute to the implementation of the next administration. And in 2015, the Company assessed the performance of every sub-committee, namely, the Audit Committee, the Recruitment, Remuneration and Corporate Governance Committee and the Risk Management Committee with the following assessment criteria: 1. Suitable sub-committee structure and qualifications resulting in effective work; 2. Effective sub-committee meeting performance and 3. Roles, duties and responsibilities of sub-committees.

Managing Directors' Performance Evaluation

The company's board of directors has scheduled annual evaluations of the performance of directors. The company adapted its evaluation form based on a sample self-evaluation form for directors of the Stock Exchange of Thailand as deemed fitting and concurrent with the organization's goals and strategic plans. The assessment criteria are divided into the following topics: 1. Leadership; 2. Setting Strategy; 3. Strategy Performance; 4. Planning and Financial Performance; 5. Relationship with the Board of Directors; 6. External Relationships; 7. Management and Personnel Relationships; 8. Handing Over Positions; 9. Product and Service Knowledge; 10. Personal Qualities. The scores of the board of directors' self-evaluation were submitted to statistical data analysis for the purpose of improvement and development of various and different aspects as well as the consideration of setting remuneration rates and commensurate incentives.

3. Board of Directors Structure and Components

The company's board of directors allocated for a suitable number of directors based on its business size. At present, there are seven directors; two are executive directors and five are non-executive directors. All five non-executive directors are independent directors.

1. Prof. Dr.Somchob Chaiyavej
2. Mr. Padetpai Meekun-iam
3. Mr. Pholrach Piathanom
4. Mr. Natthaphon Lilawatthananon
5. Mr. Nakorn Phrprasert

The definition of its independent directors

The company has determined the definition of its independent directors as the director who is non-executive director and do not involve in the management permanently, and is not the company's major shareholder. The company has specified requirements equal to the minimum requirements set by the SEC and the SET. Nominated independent directors of the company are fully qualified according to the definitions as below:

- (1) Holding share of no more than 1 percent of the total voting shares of the company, parent company, subsidiary company, related company or juristic person of person who might have conflict of interest by including the shares held by the related persons
- (2) Not a director or used to be a director who has a managing role, an employee, officer or consultant who receives the salary or authorized person of the company who has the influence on parent company, subsidiary company, related company, subsidiary company at the same level or juristic person who might have a conflict of interest unless such person has been released from such status not less than 2 years before the application is submitted to Securities and Exchange Commission Thailand
- (3) Not a person who is related by blood or by legal registration as father, mother, spouse, siblings and child including the spouse of the child of the managing executive, major shareholders, authorized controlling persons or those nominated to be managing executives or authorized controlling persons of the company or subsidiary company
- (4) Does not have or used to have the business relationship with the company, parent company, subsidiary company, related company or juristic person who might have the conflict of interest in the way that might obstruct independent decision making. The person is not or used to be a major shareholder, director who is not an independent director, or managing executive of those who have business relationship with the company, parent company, subsidiary company, related company or juristic person who might have a conflict of interest unless such person has been released from such status not less than 2 years before the application is submitted to Securities and Exchange Commission Thailand
- (5) Is not or used to be the auditor of the company, subsidiary company, related company, or juristic person who might have a conflict of interest and not a major shareholders, director who is not an independent director, managing executive or audit partner of the company, parent company, subsidiary company, related company or juristic person who might have conflict of interest unless such person has been released from the status not less than 2 years before the application is submitted to Securities and Exchange Commission Thailand
- (6) Is not or used to be professional service provider including legal consultant or financial consultant who receives the service fee more than 2 million baht per year from the company, parent company, subsidiary, related company or juristic person who might have a conflict of interest. In the case where the professional is a juristic person, this shall include major shareholders, director who are not an independent director, managing executive or managing executive partner of the service providing entity unless such person is no longer in the status for at least 2 years before the application is submitted to Securities and Exchange Commission Thailand
- (7) Is not the appointed director who represents the directors of the company, major shareholders or the shareholders who are related to the major shareholders
- (8) Does not possess any characters that prevent giving an independent opinion on the operation of the business
- (9) Do not engage in the same business and competing with the company or its affiliates. Do not hold significant portion of shares in the limited partnership, or be a management director, employee, officer, consultant who earned permanent salary, or hold more than half of voting shares in other companies that engage in the same business and competing significantly with the company or its affiliates.

The Board of Directors does not have independent directors holding positions as directors in more than five registered companies and none of the directors or high-ranking executives are employees or partners in outside auditing companies whose services were commissioned by the Company during the past two years.

4 Appointment of Directors and High-Ranking Executives

The company's plan is to appoint directors and high-ranking executives appropriately and transparently to ensure that the company has directors and high-ranking executives who are professionals capable of independent management from major shareholders or other shareholders. The Recruitment Committee determines remunerations and corporate governance, and is responsible for appointing suitable people into selection according to specified selection methods, the criteria and selection method of which is dependent upon the propriety of the company's situation during which time.

5 Director and Executive Development

- 5.1 The company's board of directors has policy for promoting and facilitating training and education the people involved in directing and managing the company's business, which includes the company's directors, auditing directors, executives and secretaries to ensure that operations are constantly improving, which includes organizations such as the Thai Institute of Directors Association (IOD).
- 5.2 The company has prepared documents and information beneficial to the performance of new directors to accompany business study manuals and practice guidelines of the company to new directors.
- 5.3 The company has plans to ensure that selection of people who undertake responsibilities in any important executive position is fitting and transparent for the purpose of ensuring that the company has professional executives capable of independent management from major shareholders or other shareholders. The company's board of directors makes considerations and reviews the aforementioned plans annually. Executives appointed to succeed the aforementioned positions will be provided with an individual development plan to prepare them for future promotions.

6. Board of Directors Meetings

As a means of supporting and promote the company, the board of directors is to attend every company board of directors' meeting, for which the company scheduled meetings in advanced every year in order to notify the board of directors in each meeting. Clear meeting agendas are set whether they are memoranda or agendas for consideration. Documents completely accompany meetings in sufficient numbers of decision-making and are delivered to the board of directors at least seven days in advance in order to ensure that every member of the board of directors has the ability to discuss and express opinions transparently. The chairman of the board will evaluate comments and summaries obtained from the meeting. Meeting reports are created by the company's secretaries, and after approved by the meeting, are stored in document cabinets on the second floor of the company's main office in Bangkok, where documents can be verified and audited by directors and other people involved. Finally, the company has set policy concerning the quorum for meetings of the board of directors in which at least half of the all directors must be present in order to form a meeting quorum and Directors and related parties are auditable. The Company has set policy on the quorum of a meeting of the Board of Directors requiring no less than half of all directors in attendance to have a meeting quorum. Moreover, the minimum quorum when the Board of Directors passes meeting resolutions must be no less than two-thirds of the directors.

The attendance details of each director for 2014 are summarized as follows:

First-Last Name	Position	Meeting Attendance/All Meetings (Times)		
		Company Director	Auditing Director	Nomination Director
1. Prof.Dr. Somchop Chaiyavej	Chairman of the Board	6/6	-	-
2. Mr. Padetpai Meekun-iam	Chairman of the Board of the Auditing Committee/Director	6/6	5/5	-
3. Mr. Nattharphon Lilawatthanun	Director/Auditing Director	6/6	5/5	
4. Mr. Pholrach Piathanom	Chairman of the Nomination, Remuneration and Corporate Governance Committee / Auditing Director	6/6	5/5	2/2
5. Mr. Nakorn Pharaprasert*	Director/the Nomination, Remuneration and Corporate Governance Director	5/6	-	2/2
6. Mr. Poonphiphat Tantanasin	Director/the Nomination, Remuneration and Corporate Governance Director	6/6		2/2
7. Mr. Siripong Boontam*	Director	5/6		

Remarks: *Unable to attend the meeting due to going aboard

7. Term of Office

The company's board of directors is composed of skilled and knowledgeable people. The company has made arrangements as compatible with the size of its business. At present, the company has a total of seven directors; two are executive directors and five are non-executive and independent directors for a number over 70 percent of the entire board of directors. The descriptions of the positions held by individual directors are as follows:

First-Last Name	Year of Appointment	Most Recent Date of Selection	Type of Director	Recruited/ Appointed to Directorship in 2015	Next Appointment
1. Prof.Dr. Somchop Chaiyavej	2011	2015	Chairman of the Board/ Independent Director	No	2018
2. Mr. Padetpai Meekun-iam	2011	2013	Independent Director	No	2016
3. Mr. Nattharphon Lilawatthanun	2011	2015	Independent Director	No	2018
4. Mr. Pholrach Piathanom	2011	2014	Independent Director	No	2017
5. Mr. Nakorn Pharaprasert	2011	2013	Independent Director	No	2016
6. Mr. Poonphiphat Tantanasin	2011	2014	Executive Director	No	2017
7. Mr. Siripong Boontam	2011	2015	Executive Director	No	2018

Remarks: All five independent directors hold the position of independent director beginning from the year of appointment for a term of five years.

The process of selection of persons to serve on the Board of Directors of the Company (Selection Process) is as follows:

1. As per the SEC's and SET's requirements, the minority shareholders are allowed to submit the name(s) of the person(s) through the Company's website for consideration by the Nomination, Remuneration and Corporate Governance Committee in order to subsequently propose to the shareholders' meeting for further consideration to be appointed as the Company's director(s). So far none of minority shareholders has proposed any person for such consideration.
2. The Company has inquired its independent directors for their voluntary vacancy of the office and major shareholders of their intention to nominate the name(s) of director(s).
3. The Nomination, Remuneration and Corporate Governance Committee shall have discretion to consider before proposing to the Board of Directors in order to subsequently propose to the shareholders' meeting for further appointment as director(s), taking into account the qualification required by the relevant laws, articles of association and charter of the Board of Directors

8. Corporate Secretary

As a means of building knowledge about the work of the corporate secretary and to enable efficient performance of the corporate secretary's duties, the company has stipulated that the corporate secretary be required to pass various training courses such as basic legal courses and courses on criteria associated with listed companies, courses for corporate secretaries and attendance at various seminars held by the Stock Exchange of Thailand and the Thai Institute of Directors (IOD).

In Board of Directors Meeting No. 1/2554 on 24 February 2011, the company's board of directors passed a resolution for the appointment of Boonpa Ruddist, a person possessing knowledge and ability who has passed training courses in relation to the performance of the duties of company secretaries, to serve as the Corporate Secretary in compliance with Section 89/15 of the Securities and Exchange Act of B.E. 2535 (1992), revised with the Securities Exchange Commission Act (No.4) of B.E. 2551 (2008). The duties and responsibilities of the Corporate Secretary are as follows:

1. Serves as a center for storing various important documents/certificates.
2. Registers directors and reports direct and executive stakeholders.
3. Makes arrangements for meetings of the board of directors and shareholders, meeting invitations and minutes to the meetings.
4. Reports on resolutions and policies passed by the board of directors and shareholders' meetings to related executives and follows up on the aforementioned resolutions and policies through the chief executive officer.
5. Observes and makes arrangements for the disclosure of information and information technology reports on the areas under his/her responsibility to agencies; directs and supervises in compliance with the law, regulations and policies concerning the company's disclosure of news and information.
6. Contacts and communications with ordinary shareholders to inform them of various shareholders' rights/privileges and company news.
7. Delivers news and information to directors on topics concerning the company's business operations in order to accompany the performance of directors' duties.
8. Makes arrangements for the provision of advice for newly appointed directors.
9. Other matters as assigned by the company's board of directors.

Brief Background of Corporate Secretary

Mrs. Boonpa Ruddist

Education:	Bachelor of Business Administration, Kaset School of Graduate Studies
Training Courses:	Company Secretary Program (CSP), Class No. 29/2009 Effective Minute Taking (EMT), Class No.13/2009 Board Reporting Program (BRP), Class No. 2/2010 Company Reporting Program (CRP), Class No. 1/2011
Qualifications:	Ability to coordinate tasks, summarize topics and arrange minutes to meetings; competent work performance, creative thinking, good skill in interpersonal relationships, leadership capacity, communications techniques and strategic planning.

9. Remuneration for Directors and Executives

9.1 Monetary Remuneration

Remuneration for the Board of Directors

At the shareholders general meeting in 2014 which was held on 22 April 2015, a resolution was passed on the setting of director remuneration for 2015 in the form of meeting gratuities and annual remuneration for a total amount not to exceed 4,200,000 baht (four million and two hundred thousand baht only), which the company paid as follows:

(Unit: Baht)

Name	Position	Meeting Gratuity			Annual Remuneration	Total
		Company Director	Audit Director	Nomination, Remuneration and Corporate Governance Director		
1. Prof. Dr. Somchob Chaiyavej	Chairman	90,000	-	-	750,000	840,000
2. Mr.Padetpai Meekun-iam	Chairman of the	60,000	75,000	-	450,000	585,000
3. Mr. Polrachot Piyathanom	Audit Committee / Director	60,000	50,000	-	450,000	560,000
4. Mr. Nattapol Lilawattananan	Director / Audit Director	60,000	50,000	30,000	450,000	590,000
5. Mr. Nakorn Phraprasert	Director / Audit Director	50,000	-	20,000	450,000	520,000
6. Mr.Poonphiphat Tantanasin	Director	60,000	-	20,000	450,000	530,000
7. Mr.Siripong Boontam	Director	50,000	-	-	450,000	500,000
Total	Director	430,000	175,000	70,000	3,450,000	4,125,000

No other form of remuneration.

Executive Remuneration

In 2014 and 2015, the company paid remuneration to executives amounting to 16.67 million baht and 19.71 million baht, respectively. The aforementioned remuneration includes salaries, bonuses and providence fund contributions. The only other form of remuneration would be a company car.

10. Supervision of Subsidiaries' and Affiliates' Operations

Currently, the Company has one subsidiary, namely, QTC Panco Co., Ltd., in Laos. The Company governs subsidiaries and/or associates based on good governance guidelines. The Company appointed the Chairman of the Executive Committee and the Managing Director as the Chief Executive Officer and a director of the subsidiary to set business guidelines, goals and good governance guidelines consistent with the mother company.

11. Securities Trading Policy and Using the Company's Inside Information and Trade Secrets

1. The company strictly forbids its directors, executives, employees and staff, including the spouses and under-age children of the aforementioned, from trading the company's shares during a period of one month before the financial statements are disclosed to the public.
2. The company forbids its directors, executives, employees and employees, including spouses and under-age children of the aforementioned, from using the company's internal data available or in a way which might affect the company's security price changes which have not yet been disclosed to the public for the purpose of purchasing, selling, purchase/sale proposals or persuading other individuals to purchase, sell, propose to purchase/sell the company's securities, whether directly or indirectly, before the data is disclosed to the public, whether the aforementioned actions are for personal gain or the gain of others, or aimed at having the other persons take the aforementioned actions with the benefit of personal gain/remuneration. Any person found in violation will be subject to penalties according to the disciplinary measures set forth by the company.
3. The company's directors, executives, staff and employees are forbidden from disclosing company secrets and/or internal data to other individuals for personal gain or for the gain of other individuals, whether directly or indirectly, with or without remuneration.
4. The interests and trade secrets of the company or the company's customers must be maintained. Disclosure of company's trade secrets to outside individuals, especially to the company's rivals, even when a director, manager or employee term of office has expired is strictly forbidden.

The company's policy on securities trading, the use of inside information and trade secrets is recorded in the code of conduct which the company has made into a manual book given to all directors, executives and employees, all of whom are required to sign to assure complete compliance. Moreover, compliance with the code of conduct is supervised. The full version of code of conduct can be viewed at www.qtc-energy.com.

12. Personnel

1 Number of Employees

As of 31 December 2015, the company had a total of 214 employees (not including eleven executives) with 214 as regular employees no have daily employees according to the following details:

Department	Regular Staff (persons)	Daily Staff (persons)	Total (persons)
Customer Care & Service Center	15	-	15
SupplyChain and Logistics	23	-	23
International Sales Department	10	-	10
Domestic Sales Department	3	-	3
Administration	11	-	11

Department	Regular Staff (persons)	Daily Staff (persons)	Total (persons)
Business Development	-	-	-
Accounting and Finance	10	-	10
Production 1	71	-	71
Production 2	34	-	34
Engineering	26	-	26
Security	4	-	4
Research and Development	2	-	2
MIS	3	-	3
Marketing	2	-	2
Total	214	0	214

Remarks: Under the company's organizational structure, the Customer Care and Service Center Department, the Supply Chain and Logistics Department, the International Sales Department, the Domestic Sales Department, the Management Department, the Accounting and Finance Department, the Business Development Department and the MIS Department report directly to the Managing Director, while the Production and Engineering Departments, the Security Department and Research and Development Department report to the Deputy Managing Director.

2 Labor Disputes

-None-

3 Employee Remuneration

The board of directors has set policies and practice guidelines concerning employee remuneration and benefits Taking into account the results of the operation. Each year, profitability and performance measures based on Balanced Scorecard for which employee compensation is as follows:

Monetary Remuneration

In 2015, the company paid remuneration to its employees (not including executives) amounting to 78.17 million baht in the form of salaries, bonuses, overtime pay, provident fund contributions and other benefits.

Other Remuneration

-None-

The company has created employee handbooks and distributed to all employees in the organization for acknowledgement of rules, regulations and benefits.

4 Personnel Development Policy

It is the company's vision to be a world class transformer manufacturer with a mission to respond to challenges in developing the customers' electrical systems to meet world class quality standards leading to the setting of all personnel development policy so personnel have capability to achieve the organization's mission and vision based on the following key tenets:

- 1 Constructive Engagement:** Having employees at all levels participate in setting work policy at differing levels. However, the extent of participation varies and is focused on joint solutions involving development with emphasis on seeking solutions for resolving issues (rather than pinpointing the guilty party) by providing opportunities to hear and respect differing opinions.
- 2 Sharing Success:** Build a working atmosphere where everyone participates in corporate success, which will be reflected in the form of remuneration focused more on overall corporate success than individual achievements, and promoting employees to learn from practice by using the knowledge obtained from previous practice to generate replication, improvement and development of knowledge for future practice by encouraging learning

exchanges within the corporations and remaining updated on changing business conditions and responding to those changes. Since everyone must achieve together, value must be given to the success of each employee, agency and business unit which will lead to the success of the entire corporation.

- 3 Better Attitude:** Having an attitude that everything must “be better than before” in order to promote continual improvement to meet the expectations of customers, society, organizations and shareholders.

13. Auditor Remuneration

The remuneration of the auditors for the year 2558 of 910,000 baht, up from 50,000 baht in 2557 the company did not pay a fee to the auditor. Auditing the Auditor’s Office. The parties related to the auditor and the audit firm affiliated auditor. During the fiscal year, the company did not pay a fee and subject. No company directors and executives who are employees or partners of the audit firm

Non-Audit Fees

The company does not have other non-audit fees.

14. Director and Senior Executive Share Holdings

Company Director/ Senior Executive	Position	No. of Common Shares As of 27 Dec. 2014	No. of Common Shares As of 30 Dec. 2015
1. Prof. Dr. Somchob Chaiyavej	Chairman	-	-
2. Mr. Padetpai Meekun-iam	Independent Director	-	-
3. Mr. Polrachot Piyathanom	Independent Director	177,000	177,000
4. Mr. Nattapol Lilawattananan	Independent Director	-	-
5. Mr. Nakorn Phrprasert	Independent Director	-	-
6. Mr. Poonphiphat Tantanasin	Director / Director Managing	598,000	598,000
7. Mr. Siripong Boontam	Director / Duty Director Managing	522,000	522,000
8. Mr. Ruangchai Kritsnakriengkrai	Duty Director Managing	-	-

In 2558, unchanged stock holding company’s directors and senior executives.

Corporate Governance

The board of directors of the company realizes the importance of good governance since it is an important mechanism that leads to an efficient, transparent and verifiable management system which, in turn, creates trust and confidence in the shareholders, investors, stakeholders and all parties involved. Having good governance will be a value adding tool that helps build the competitiveness and promotes sustainable growth of the company in the long run. The board of directors has, therefore, assigned the Remuneration and Good Governance Committee the task of following up on compliance with policy and human resources development to build good people with sound morals and ethics.

In following up on compliance with corporate governance policies in 2015, the company made arrangements for the companywide promotion and communication of information to directors, executives and employees at all levels by the distribution of letters, good governance and the business code of conduct. The company's board of directors, executives and employees has acted in compliance with good governance policy and the business code of conduct. Moreover, compliance has been regularly monitored and there were no issues or situations involving non-compliance with the abovementioned. By removing the IOD's approach comes as the next Pat guidance.

The aforementioned commitment in 2015 has resulted in the company's evaluation in the annual meeting of shareholders 2015 with a score of 100 points, or a good level according the Quality of Annual General Meeting (AGM) Project, the Thai Investors Association (TIA) Project, which is another means of building sustainable good governance. In addition, the results of the survey of information on Corporate Governance Report of Thai Listed Companies 2015 earned an overall score of 91%, which falls within a Excellent CG Scoring range, which is above average for listed company scores. Nevertheless, the company remains firmly committed to developing the company's good governance policies for sustainability.

The company has set policies for good corporate governance as set forth by the Stock Exchange of Thailand in the 3rd/2557 meeting of the board of directors on 15 December 2015, which covered five sections of principles detailed as follows:

Section 1: The Rights of Shareholders

The company is aware of and gives importance to the basic rights of shareholders such as rights to purchase, sell, or transfer shares, rights to receive shares in the business, rights to receive sufficient news and information about the business, rights to participate in meetings to exercise rights to vote in shareholders' meetings to appoint or remove directors, appointments of auditors and issues with impact on the company, such as distribution of dividends, specifications or reviews of regulations, memorandums of association, regulations, reductions or increases in capital, etc.

Apart from the above mentioned basic rights, the company has also acted on various issues to promote and facilitate the exercising of shareholders' rights as follows:

- The company sends letters of notification to attend shareholders' meetings to shareholders no less than twenty-one days before the meeting date for 2015 sending it at 31 March,2015. Letters contain schedules for dates, times, places and agendas of the meetings,including data regarding topics requiring resolutions at the meeting. The information is also posted at the company's website in Thai and English for at least one month for 2015 it was posted at 13 March,2015 so shareholders are given a sufficient amount of time to study the information accompanying the meeting before receiving information in the form of documents from the company.
- The company has set agendas for the annual shareholder's meeting for compliance with the principles of corporate good governance as follows:

- Agenda 1 Consideration to approve the minutes to the shareholder's general meeting.
 - Agenda 2 Consideration to acknowledge the company's performance for the previous year.
 - Agenda 3 Consideration to approve the company's financial budget for the accounting cycle for the year ending 31 December of the previous year.
 - Agenda 4 Consideration to approve the allocation of profits from operations for the previous year.
 - Agenda 5 Consideration of the nomination of replacement directors for directors whose terms of office have expired.
 - Agenda 6 Consideration to approve director's compensation.
 - Agenda 7 Consideration of the appointment of auditors and set compensation for the annual audit.
 - Agenda 8 Consideration of other matters by giving the shareholders opportunities to inquire about key issues.
- In the event that a shareholder is unable to attend a meeting, the shareholder may authorize an independent director or an individual to attend the meeting on his/her behalf by using any one of the letters of proxy sent by the company with the meeting invitation.
 - Shareholders are given opportunities to send questions on meeting agendas to the board of directors no less than 20 days before the meeting date via the company's website at 13 March,2015 or investor relations e-mail notified through the SET news system.
 - Shareholders are fully and independently given opportunities to ask questions, express opinions and suggestions.
 - The company fully facilitates shareholders in exercising their rights to attend meetings and cast votes. The meetings are held on working days at hotels in Bangkok and Bangkok suburb areas where transportation is convenient for the shareholders travelling to attend the meetings and prepare a revenue stamp for the shareholder proxy.
 - All directors and high-ranking executives attend the meeting and address questions raised in the shareholder's meetings together.
 - After the meetings, the company posts the voting results for each agenda from the shareholder's general and special meetings on the next day at the company's website, at 21 April,2015 and prepares minutes to the meetings with accurate and complete data disclosed via the company's website within 14 days from the meeting date, so shareholders are able to verify the results. The company post it at 6 May,2015
 - The company employs technology in the shareholder's meetings in terms of shareholder registration, vote counting and display so the meeting can proceed quickly, accurately and precisely.

Section 2: The Equitable Treatment of Shareholders

The company has policies for practicing and protecting the rights of every shareholder equally and fairly, including shareholders who are executives, shareholders who are not executives, Thai shareholders or foreign shareholders, major shareholders or minor shareholders and corporate shareholders. Shareholders are entitled to equal fundamental rights.

- The company allows shareholders who are unable to attend meetings to authorize an independent director or an individual as a proxy to attend the meeting on the shareholder's behalf.
- The company allows shareholders to propose issues to be listed as meeting agendas and nominate persons as director candidates in the shareholder's meeting in advance in line with criteria set by the company as posted at the website <http://www.qtc-energy.com>. The proposal must be made three months before the shareholder's meeting. For 2015 the company post it between 17 September,2015 until 1 December ,2015
- 2015, the company will not add meeting agendas without sending notification to shareholders, particularly agendas that are important and require time to study information before making decisions.

- The board of directors grants shareholders opportunities to exercise the right to appoint individual directors and encourages the use of voting cards to ensure voting transparency.
- The board of directors sets up measures to prevent insider trading by related individuals, including directors, executives, employees, employees as well as the spouses and underage children of the aforementioned individuals.
- The board of directors has also set up punitive regulations on the company's disclosure of information, or the use of the company's information for personal gain in line with the policy to prevent insider trading.
- The company educates directors and its executives on the burden and duty to report shareholdings of the directors as well as the director's spouses and underage children, and to report changes in shareholdings to the Securities and Exchange pursuant to Article 59 and the punitive clauses of the Securities and Exchange Act of 1992.

Section 3: The Role of Stakeholders

The company gives importance to the rights of stakeholders and treats all related parties with fairness, as follows:

- **Employees:** The company is aware of the importance of every company employee who will take part in pushing the company toward developing its business to the future. Therefore, the company is focused on continually developing the capabilities, knowledge and skills of employees, including considerations of suitable remuneration according to the knowledge and capacity of each employee in addition to the maintenance of work environments by considering quality of life and occupational safety. The company treats every employee equally and fairly.
- **Trading Partners and Trade Accounts Receivable:** The company treats trading partners who are suppliers and financial debtors fairly, equally and without taking advantage by strict adherence to trading conditions and/or agreements made with one another in order to improve business relations in the interests of both parties.
- **Customers:** The company pays attention to customers and takes responsibility by focusing on production of high quality standardized products and responding to the needs of customers while maintaining customer confidentiality. The company also gives importance to setting proper equal prices for products sold to customers.
- **Competitors:** The company behaves in compliance with the rules of good competition and set laws, maintaining the norms of codes of conduct for competition with avoidance of fraudulent methods which would destroy competitors.
- **Community and Society:** The company conducts its business with consideration of environmental impact. The company emphasizes continually building conscience, social and community responsibility in the company and support of activities in the interests of the public without violating laws.
- The company has a compensation measures published in the company's code of conduct in case where stakeholders are damaged by the company's violation of the stakeholder's legitimate rights.
- The company declares that directors, executives and employees who learn of important inside information potentially affecting securities trading prices must stop trading the company's securities within one month before the company announces its performance or before the inside information is disclosed to the public.
- The company has clear procedures for cases where persons disclose matters of legal violation, financial reporting accuracy, internal control errors or misconduct. These persons can report such matters by letter to the board of audit. Furthermore, the company has set up measures to protect the informants' rights.

- In order to lead to earnest practice, the company has established a manual on ethics as a part of discipline. The directors, executives and employees at all levels are required to strictly adhere to the aforementioned and violations or non-compliance will be subject to disciplinary action under the regulations governing human resources management.
- The company has set policy involving conflicts of interest in the manual on ethics in order to prevent the use of opportunities for seeking personal gain.

Notification of Complaint Policy

The committee provides employees and interested persons channels of providing complaints, comment and inform the trace of any illegal action through mail to the audit committee of the company at: QTC Energy Public Company Limited 2/2 Soi Krungthep Kritha 8 Yaek 5, Krungthep Kritha Road, Huamark sub-district, Bangkapi district, Bangkok 10240 or send e-mail to audit@qtc-energy.com

Section 4: Disclosure and Transparency

The board of directors places importance on correct, complete and transparent information disclosure, from reports on financial data and general data according to the criteria of the SEC and the Stock Exchange of Thailand to the key information which may affect the company's security's prices and potentially affect the decision-making process of the company's investors and stakeholders, so the company's related individuals receive equal the information. Following this proposed sale of stock and following the company's listing on the Stock Exchange of Thailand, the company will disclose information to the shareholders and the public via Stock Exchange of Thailand data dissemination channels and the company's website.

The board of directors is aware of its responsibilities and firmly committed to strictly overseeing compliance with the laws and regulations related to information disclosure and transparency as follows:

- The company publishes information in line with the set criteria through channels of the SET, Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) and via the company's website in both Thai and English with regular information updates.
- The board of directors reports corporate governance compliance results through the Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) and company's website.
- The board of directors compiles reports on the board of directors' responsibilities for financial transactions displayed together with the auditor's report and arranges for reports on corporate governance by the Board of Audit in the Annual Report (Form 56-2).
- Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) the board of directors publishes name list, roles and responsibilities of members of the board of directors and sub-committees, number of meeting and number of meetings attended by each director in each year through the Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2).
- The company has set policy for information disclosure through the Annual Disclosure Form (Form 56-1) to assure compliance with the Capital Market Supervisory Board's notification on the criteria, terms and methods for information
- disclosure regarding a company's financial status and business performance in the following areas: 1) general information; 2) risk factors; 3) characteristics of business operations; 4) business operations of each product line; 5) assets utilized in business operation; 6) legal disputes; 7) capital structure; 8) management; 9) internal control; 10) related transactions; 11) financial status and business performance; and 12) other related information.

- The board of directors and executives report shareholdings and the changes in shareholdings in line with regulations set by the Securities and Exchange Commission.
- The first four directors and executives counted from the Managing Director are under obligation to submit a report on their own stake holdings and the stake holdings of related individuals to the chairman of the board and the chairman of the Board of Audit with disclosure of information for all directors' awareness in line with the Securities and Exchange Act of 2008. The board of directors has set policy to designate executive level employees with the title of division manager to submit to the Board of Audit their personal stake holdings and the stake holdings of related individuals in order to assure transparency and fairness in business conduct.
- The board of directors arranges for the maintenance of effective internal controls in order provide reasonable assurance that accounting records are recorded accurately, completely and sufficiently to maintain the company's assets, and in order to be aware of the weaknesses so misconduct or significant irregular operations can be prevented. The board of directors has established the Board of Audit composed of non-executive directors serving to audit financial transactions, related party transactions and internal control systems. The Board of Audit directly reports to the board of directors.
- The company has established an investor relation unit for the purpose of communications with outside individuals, namely, shareholders, institution investors, general investors and related public analysts as follows:

1. To disclose important information for public awareness.
2. To thoroughly publish information to the people.
3. To clarify rumors or news.
4. To prevent the promotional disclosure of unreasonable information.
5. To use inside information in the trading of listed companies with accuracy, sufficiency, modernity, equity, transparency and fairness.
6. To carry out procedures when the securities trading of listed companies deviates from the market's normal conditions.

he unit can be contacted through the following channels:

Telephone	: (66) 2379 3089, extension 241
Fax	: (66) 2379 3099
Email	: ir@qtc-energy.com
Website	: http://www.qtc-energy.com/irs/investor_th.html

In addition, the company has appointed the Chief Executive Officer or the Managing Director as the party with the authorization to provide the aforementioned information.

- The company has appointed contact persons who are authorized to coordinate with the SET in disclosing information.
 1. Matters on the disclosure of information in line with events occurring, namely, asset acquisition /discharge (sales) transactions, related transactions, shareholders' meeting schedules, changes in directors and auditors, relocating headquarters, minutes to the shareholders' meetings and investment projects, dividend payments/ dividend payment suspensions are to be made by the Managing Director.
 2. The disclosure of information according to accounting cycle, namely, annual financial statements, and quarterly financial statement, Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) are to be made by the Managing Director.

- The Chairman of the Board or the Managing Director are the parties authorized to provide general news and information on corporate management to the media.
- Appointing contact persons with other related agencies:
 1. The corporate secretary is the party to coordinate with Thailand Securities Depository Company Limited
 2. The corporate secretary is the party to coordinate with the Securities and Exchange Commission.

Section 5: Responsibilities of the Board of Directors

The company gives importance to showing the duties and responsibilities of directors in order to maintain the interests of stakeholders and shareholders such as setting annual strategies for business practices and reviewing the aforementioned strategies semi-annually and monitoring performance audits. And to ensure transparent business practices for added company value and sustainability, the company will take the following actions:

- 5.1 The board of directors is made up of qualified experts with knowledge, ability and experience at the executive level from various corporations. The board of directors is able to use its experience, knowledge and ability to effectively develop and set the company's policies and governance to maximize benefits to the company and shareholders. The board of directors plays a significant role in setting corporate policies and overall business in addition to supervising, auditing and monitoring management performance and evaluating the company's performance according to plans. Each director is allowed to hold the office of director for no more than three listed companies.
- 5.2 The company has set policy for the Chairman of the Board and the Managing Director are held by different persons in order to prevent any one person from holding absolute power in any specific matter. The board of directors will set the scope of the power and responsibilities in addition to selecting the persons to hold the aforementioned offices.
- 5.3 The number of companies in which each director holds office must be compliant with good corporate governance and each director must be a director in no more than three listed companies.
- 5.4 The Managing Director and high-ranking executives can hold the office of director in no more than three companies, and must be approved by the board of directors in advance.
- 5.5 Each independent director may be an independent director for no more than nine consecutive years.
- 5.5 The board of directors will appoint a new director to serve for the remaining term of office for the previous director with approval from the board of directors.
- 5.7 The board of directors discloses information on office holding in other companies to the shareholder's awareness in the Annual Disclosure Form (Form 56-1) and the Annual Report (Form 56-2).
- 5.8 The company has policy for non-executive directors to hold meetings for the purpose of discussing various problems concerning management issues of interest without the presence of management at least once per year. In 2014, the aforementioned meeting was held once in the month of April.
- 5.9 The company's board of directors has participated with the management in setting the company's vision, mission, strategies, goals, business plans and budgets. Thus, the company has scheduled annual reviews of the company's vision, mission, strategies, goals, business plans and budgets.
- 5.10. The Roles, Duties and Responsibilities of Directors
The company stipulates that directors comply with the code of best practice in line with SET guidelines. Directors must understand and be aware of their roles, duties, and responsibilities, performing those duties in compliance with the law, company objectives and regulations as well as shareholders' resolutions with integrity, honesty and maximum consideration of the interests of the company and its shareholders. Director's roles, duties and responsibilities are as follows:

1. The board of directors must arrange a general shareholder's meeting within four months from the end of the company's accounting cycle.
2. The board of directors must arrange a meeting of the company's board of directors at least every three months.
3. Arranges a credible accounting system, financial statement reports and financial audits for the company. The board of directors must arrange credible systems for accounting, financial reports and auditing, including efficient and effective systems for internal control, internal auditing and risk management.
4. The board of directors must arrange the company's balance sheets and profit-loss statements at the end of the company's accounting cycle, which must be audited by an auditor and presented to the meeting of shareholders for consideration and approval.
5. The board of directors must set the company's goals, guidelines, policies, business plans and budgets along with monitoring and supervision, so the administration and management of executives concurs with work planning policies and setting budgets with efficiency and effectiveness.
Furthermore, the scope of the board of directors' duties includes direction for the company to comply with laws on securities and securities exchanges, announcements of the Capital Market Supervisory Board, specifications of the Stock Exchange of Thailand such as engaging in connected transactions, acquisitions or sales of significant properties, or laws associated with the company's businesses.
6. The board of directors must consider reviews, audits and approvals of plans by the executives for business expansion, large investment projects, including participation in investments with other business operators proposed by the executives.
7. The board of directors must continually monitor performance for concurrence with plans and budgets.
8. The board of directors must consider designating executive structures with authority to appoint the Executive Board of Directors, Managing Directors and other sub-committees as deemed fitting, such as the Audit Committee, the Recruitment Committee, the Remuneration Committee, etc., including the setting of the scopes of authority and duties of the Executive Board of Directors, Managing Directors and various appointed sub-committees.
9. The board of directors may authorize a director, several directors, or any other persons to perform any actions on behalf of the board of directors under the control of the board of directors, or the board of directors may authorize the aforementioned persons to have authority as deemed necessary by the board of directors within the period of time the board of directors deems fitting. The board of directors may cancel, withdraw, change or revise authorizations as deemed necessary. The power to authorized must not be in a manner that would enable the aforementioned individual to consider or approve transactions or persons with potential conflicts of interest, stakeholders or any other types of conflicts of interest occurring with the company or its subsidiaries (if any), unless the approval involves normal business transactions in line with general trade conditions or compliance with policy and criteria already considered and approved by the board of directors under the criteria, terms and methods set forth regarding related transactions and acquisitions or discharges of listed company main assets pursuant to SEC and/or SET notifications and/or any other notifications by related agencies.
10. The board has prepared corporate governance policy in writing with performance evaluation and policy review at least once a year, promoting the preparation of written code of conduct so all directors, executives and employees understand the ethical code by which the company conducts its business, monitors compliance with the aforementioned ethical codes, and sets up risk management policy with evaluation of risk management effectiveness at least once a year.

5.11 Development of Directors and Executives

- Orientation for New Directors

The company's board of directors has scheduled orientation for every new director in order to build knowledge and understanding about the business, including the performance of various company tasks. In order to prepare directors for the performance of their respective duties, the company has policy for promoting the building of new knowledge for every director in learning about good governance, industrial conditions, technology businesses and new innovations in order to enable directors to efficiently take over their respective duties as soon as possible. The Corporate Secretary will coordinate various issues as follows:

1. Things to Know: Business infrastructure, director infrastructure, scope of duty, laws directors need to know.
2. General Business Knowledge: Guidelines for practice in line with various policies and visiting the production process.
3. Make arrangements for collaborative meetings with the entire board of directors, so in-depth questions can be asked about the business operations.

In 2558, the Company had no orientation for new directors. But there has been a communication issue Securities Trading Policy and business ethics

- Learning Development

The company's board of directors has policy for supporting and facilitating training to impart knowledge about the company's governance system, which included directors, auditing directors and recruitment directors in the setting of remuneration and corporate governance, and directors for risk management and the corporate secretary in order to improve practice on a continual basis as arranged by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and courses sponsored by the Thai Institute of Directors Association (IOD). In 2015, the company director who participated in the training and seminars was Mr. Nakorn Phrprasert trained course with the Substance in CG: corporate culture corporate governance principles, and Mr. Poonphiphat Tantanasin trained The Role of Compensation training courses Committee (RCC model 20/2015), the course. The responsibilities of the Board of Directors of the company with the management on internal control organized by the stock exchange of Thailand and Thai training systems producing electricity from solar energy installation design requirements. Control and maintenance by media technology co., Ltd. In addition, the company has made arrangements for documents and information for the benefit of new directors in performing their respective duties as well as a manual on business characteristics and guidelines for conducting the company's business operations for new directors. The aforementioned was given to the Recruitment, Remuneration and Corporate Governance Committee with follow-up on succession plans for managing directors, deputy managing directors and executives. Hence, the executives who have been assigned the role of succession will be developed according to Individual Development Plans in order to prepare them for future succession.

5.12 Making Succession Plans

In order to assure that the company has knowledgeable directors with sufficient ability to perform their respective duties, the company's board of directors has made capacity building plans for high ranking executives by appointing the Remuneration and Good Governance Committee with the task of making plans for succession in the positions of managing director, deputy managing director and department manager based on consideration of knowledge, ability and experience required for each position for the selection of executives possessing set qualifications with ability to succeed to each position. Furthermore, the Human Resources Management Department has been assigned the task of monitoring training and the development of knowledge and ability for persons succeeding to the positions of managing director, deputy managing director and department manager.

5.13 Report of Interest of Directors and shareholding report

Our company assigns the committees and Board of Directors to report their own interests and those of related persons when they commence to hold the position or when there is any changing of information. In addition, they have to revise all information annually according to rules and methods of report on interests of company's committees and executives defined by Board of Directors. In 2015, the company stipulated that directors, executive directors and executives send reports on stake holdings on 6 November 2015.

Corporate Social and Environmental Responsibilities

QTC Energy public company limited is committed to conduct its business under the corporate governance? Based on principles of good governance coupled with attention to environmental care. There is the sense of social responsibility truly. In consideration of those who are consistently involved both inside and outside of the Organization, from employees, customers, shareholders, communities and the broader society to contribute to the development of sustainable business to provide a corporate joint venture successful. There are standard actions seriously and ensure that the actions are based on the defined vision and mission. Build confidence to stakeholders with a real organization, as well as to demonstrate social responsibility in various aspects of the policy have been set up a sustainable development policy and the appointment of the Board of Directors. And the Board of supervision work to make sure for the details listed in the sustainable development report.

Internal Control and Risk Management

In Board of Directors Meeting No. 1/2016 on 4 February 2016 where all three audit directors were in attendance, the board of directors assessed the adequacy of the company's internal control system risks by submitting inquiries to the Management Department and was able to draw conclusions based on the assessment of the company's internal control system in terms of the following aspects:

1. Internal Control
2. Risk Management
3. Control Activities
4. Information and Communication Measures
5. Monitoring

The board of directors has rendered the opinion that the company already has adequate internal control activities concerning business conducted with major shareholders, directors, executives or persons related to the aforementioned (in Part 3, Clause 12 of the assessment form). As for internal control activities under other categories, the board of directors has rendered the opinion that the company also has adequate and appropriate controls.

1 Internal Control-Related Performance

The company has a Board of Audit to perform the duty of checking to ensure that the company has proper and effective internal control systems and internal audits. The Board of Audit has also checked the company's performance to ensure compliance with the laws governing securities and stock exchanges, the specifications set forth by the Stock Exchange of Thailand and laws related to the company's businesses. The Board of Audit will hold meetings at least once every quarter in order to consider and take steps toward ensuring the compilation of accurate financial reports with complete and sufficient disclosure, including the consideration of related transactions or transactions with potential conflicts of interest to ensure compliance with the law and the specifications set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand. Auditors are present at the meetings in order to observe based on the company's audits.

The Company No internal audit of the company itself, the company has hired BK IA & IC Co., Ltd. as auditors of the Company for the year 2558, the company BK IA & IC Co., Ltd. has assigned Miss Boonnee Khusionsopit is the primary responsible to act in the company's internal auditors. The Audit Committee has considered the property of the company, BK IA & IC Co., Ltd. and Boonnee Khusionsopit charity overthrew governance, then that is sufficient. with such duties as an independent. And experienced in performing the audit in a business or industry, with the same company for 20 years. So subject to review and approve the appointment, transfer and dismissal of the incumbent head of the internal audit department of the Company to be approved by audit Committee.

Related Party Transactions

1 Type of Relationship

QTC Energy Public Company Limited ("the Company") has related transactions with individuals posing potential conflicts of interest comprising shareholders and/or company executives. Related companies mean companies with individuals who might have conflicts of interest with the company, who have relationships with the aforementioned company executives or shareholders. The types of relationships can be summarized as follows:

Persons With Potential Conflicts of Interest	Type of Relationship
QTC Service Chiangmai Co., Ltd.	Mrs. Sisapim Wongkham is the signatory director authorized to sign on behalf of the company and holds 99.94 percent of the shares in QTC Chiangmai. She is related as the younger sister of Mr. Poonphiphat Tantanasin, who holds the position of Chief Executive Officer and Managing Director of the company. In addition, the former wife and children of Mr. Poonphiphat jointly hold shares in the company for a total holding of 61.96 percent.
Mr. Poonphiphat Tantanasin	Holds the position of Chief Executive Officer and Managing Director and the former wife and children of Mr. Poonphiphat jointly own a 61.96 percent shareholding.

2 Related Party Transaction Details

In 2015 and 2014, the company carried out transactions with individuals who might have potential conflicts of interest with the following transaction details:

1 Goods and Service Sales Transactions

Persons With Potential Conflicts of Interest	Transaction Type	Related Transaction Value (million baht)		Necessity and Validity of Related Transactions
		2015	2014	
QTC Service Chiangmai Co., Ltd. (QTC Chiangmai) Conducts the business of service provision related to electrical systems.	Goods & Service Sales Trade Accounts Receivable	3.70 0.82	11.13 1.83	The company sells electricity transformers and raw materials which are components of electricity transformers, i.e. gas sealed transformers, low voltage terminal lugs, gasket sets and insulators, etc., including the provision of repair services for electricity transformers to QTC Service Chiangmai, which is one of the company's distributors. The sales prices for goods to QTC Service Chiangmai is a discounted rate equal to the discount rate offered to the company's other distributors. Moreover, the trading terms are similar to the trading terms set for the company's other distributors. The Audit Committee has considered the issue and holds the view that the aforementioned sale of goods and services transaction is one of the company's normal and valid trading types.

Persons With Potential Conflicts of Interest	Transaction Type	Related Transaction Value (million baht)		Necessity and Validity of Related Transactions
		2015	2014	
QTC PANCO Co., Ltd Conducts the business of manufacturing and selling electricity transformers.	Trade Accounts Receivable	-	1.15	The company sells electrical transformers and raw materials which are components of electricity transformers. The Audit Committee has considered the issue and rendered the view that the aforementioned sale of goods and services transaction is one of the company's normal and valid trading types.

2. Sales and Administrative Expense Transactions

Persons With Potential Conflicts of Interest	Transaction Type	Related Transaction Value (million baht)		Necessity and Validity of Related Transactions
		2015	2014	
QTC Service Chiangmai Co., Ltd. (QTC Chiangmai) Conducts the business of service provision related to electrical systems.	Goods and Service Purchases	0.04	0.04	This is an expense incurred by the company's hiring of QTC Service Chiangmai to provide the following services for the company's customers in areas located in areas/provinces near the offices of QTC Service Chiangmai: transformer cargo, inspection, repair and crane lift fees, etc., because the company's cargo trucks and/or mechanics have full queues preventing them from providing services to customers. Furthermore, QTC Service Chiangmai is able to provide services for customers rapidly and reliably. The service fees QTC Service Chiangmai collected from the company can be compared to expenses incurred in the company's service provision and/or can be compared to service fees incurred in outsourcing the work to a third party. The Audit Committee has considered the issue and holds the view that the aforementioned sale of goods and services transaction is one of the company's normal and valid trading types. The related service fees are appropriate.
QTC PANCO Co., Ltd Conducts the business of manufacturing and selling electricity transformers.	Trade Accounts Payable Trade Accounts Receivable	0.29 0.73	- -	As expense to paid to the legal QTC thus to limit global warming, which is charged with executing the laws and regulations of the government. And the costs of market research at the QTC Pan Limited has paid advance. The Audit Committee has considered the issue and holds the view that the aforementioned sale of goods and services transaction is one of the company's normal and valid trading types. The related service fees are appropriate.

Measures or Procedures for Approving Related Transactions

The company has set forth measures for entering into related transactions between the company and persons with potential conflicts of interest by arranging for the Audit Committee to offer opinions regarding the necessity of entry into related transactions, the reasons for the related transactions and the suitability of fees for related transactions by considering various conditions for concurrence with characteristics of normal market trading, i.e. prices/fees comparable to third parties. In cases where the Audit Committee lacks expertise in considering potential related transactions, the company will provide persons with particular knowledge and expertise, such as auditors, property appraisers, law offices, etc., who are independent from the company and persons with potential conflicts of interest, to provide opinions regarding the aforementioned related transactions to accompany the decisions of the Audit Committee for presentation to the meeting of the board of directors or the meeting of shareholders, depending upon the case.

Furthermore, the company has set forth measures to prevent executives or stakeholders from participating in the approval of transactions in which executives or stakeholders may obtain direct or indirect gains or losses. Furthermore, the company's board of directors must ensure the company's compliance with laws on assets and stock exchanges, regulations, announcements, orders, or specifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with specifications regarding the disclosure of information on related transactions and acquisitions or sales of significant assets belonging to the company or its subsidiaries, accounting standards set forth by the Federation of Accounting Professions and the Accountants and Licensed Auditors Association of Thailand. The company's board of directors must disclose related transactions in remarks accompanying budgets which have been audited or reviewed by the company's auditors.

Future Trends for Related Transactions

The company may have continual related transactions in the future, which will be according to characteristics of normal business transactions with clear designation of policies for entering into related transactions at normal prices and under trade conditions of businesses similarly set forth for persons and/or unrelated companies, e.g. sales of products, provision or receipt of services, etc. The related transactions that will occur will be concurrent with the company's business needs and in the company's interests. The Audit Committee will consider auditing practices according to set criteria and provide opinions regarding the validity of transactions occurring every quarter.

Transactions for products sold to QTC Service Chiangmai Co., Ltd. and QTC PANCO Co., Ltd. (Laos), which is a person with potential conflict of interest, will continue in the future. The company has set policies for setting prices and discounts for the sale of transformers and raw materials or equipment which are components of transformers provided for each type of customer, including sales representatives effective as of 15 May 2011 and with the objective of increasing clarity and enabling comparisons of prices and discounts in the sale of products to QTC Service Chiangmai Co., Ltd., which must be concurrent with prices and discounts provided for other sales representatives, in order to aid the Audit Committee in its consideration of opinions regarding the justice and validity of the sales of products to both companies. Hence the Audit Committee will be able to proceed systematically, especially during periods when the company has no sales of products to other sales representatives.

For potential related transactions not concurring with the company's normal business operations in the future, the company will arrange for the Audit Committee to check whether or not practice is compliant with criteria and assure that the reasons for the aforementioned transactions are disclosed before the company proceeds with the transactions by acting in compliance with the measures and procedures for approval as set forth above. Nevertheless, with regard to related transactions with potential conflicts of interest regarding potential future benefits, the Audit Committee will have to practice according to the laws governing securities and securities exchange, as well as the rule, announcements, orders or specifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, and further including practice according to specifications regarding disclosure of related transactions and the acquirement or sales of assets belonging to the company or its subsidiaries as well as practice in compliance with the accounting principles set forth by the Federation of Accounting Professions and the Accountants and Licensed Auditors Association of Thailand.

Board of Audit Report

The Audit Committee of QTC Energy PCL is composed of Mr. Padetpai Meekun-iam as the Audit Committee Chairman and Mr. Nattharphon Lilawatthanun and Mr. Pholrach Piathanom as the audit directors. The Audit Committee's important scope and responsibilities pursuant to its charter are to oversee and ensure that the company's financial reports are in accordance with generally accepted accounting standards and principles, reviewing the company's performance to be in accordance with good corporate governance principles with effective system of internal control and pursuant to related laws and regulations, along with looking after cases of conflicts of interest between the company and related parties. Hence, the company's Audit Committee has organized five meetings in 2015 with the essential content as follows:

1. The Audit Committee has reviewed the quarterly finances and financial statement for 2015 with the management and auditor to ensure that the company's financial report was made correctly as should be according to generally accepted accounting standards and adequate and complete disclosure of information credibly in the footnotes of financial statements along with providing observations and acknowledgement of beneficial resolutions to the company's problems.
2. Discussion of the disclosure of information of related transactions and transactions related to the company and people who might be in conflict of interest. The Audit Committee deems that the disclosure of information of related transaction and transactions related to the company is correct, complete and sufficient and in accordance with business conditions and criteria set by the Stock Exchange of Thailand.
3. Govern and ensure that internal audits are carried out independently by employing BK IA&IC CO., LTD., which is a company that provides internal and external audit services, as the company's internal auditor with the Audit Committee as the considerer of the annual internal audit plan, reporter of internal audit results, follower of internal audit results for the management, along with providing advice to the internal auditor in order to ensure confidence that the annual internal audit plan is carried out effectively and efficiently. The internal audit results for 2015 found no indicators of corruption or flaws in internal control in essential content.
4. Evaluation of the internal control system in accordance with set guidelines by the Securities and Exchange Commission, which governs corporate internal control, risk management, information technology system control and data communication along with monitor systems. The Audit Committee deems the company's internal control to be adequate and effective.
5. Consideration for the appointment of and proposal for remuneration payment to the auditor for 2016. A proposal was made for the company's board of directors to appoint Mr. Narin Churamongkol, Certified Public Accountant No. 8593 and/or Miss Kanyanat Sriratchatchaval, Certified Public Accountant No. 6549 and/or Mr. Teerasak Chuasrisakul, Certified Public Account No. 6624 and/or Miss Sansanee Poolsawat, Certified Public Accountant No. 6977, of Grant Thornton Limited to be the auditors of the Company with their remuneration 1,100,000 baht for later proposal to the General Shareholders' Meeting.

Hence, the Audit Committee has performed its duties thoroughly and independently, rendered opinions directly without limitations to information access, and has given importance to good corporate governance in accordance with principles set by the Stock Exchange of Thailand with transparency and good ethics in order to establish confidence in shareholders, investors, customers and all related parties.

On behalf of the Board of Audit,



(Mr. Padetpai Meekun-iam)

Chairman, Board of Audit

4 February 2016

Board of Nomination Remuneration and Corporate Government Report

The Recruitment, Remuneration and Corporate Governance Committee of QTC Energy Public Co., Ltd. is composed of two independent directors and a director who is an executive with General Rachot Piatanom as an independent director functioning as the Chairman of the Recruitment Committee, Mr. Nakorn Phraprasert as an independent director and Mr. Poonhipat Tantanasin as the Chief Executive Officer and Managing Director with the scope of duties and responsibilities based on the charter of the Recruitment, Remuneration and Corporate Governance Committee.

In 2015, the Recruitment, Remuneration and Corporate Governance Committee met on two occasions. Every director attended the meetings to monitor and consider important topics assigned by the Board of Directors in the following summary:

1. Consideration of reviewing criteria for performance evaluation forms at the department manager level and monitoring of evaluation results.
2. Arrangement of performance evaluations of the Board of Directors, sub-committees and high-ranking executives.
3. Consideration of reviewing good governance policies and monitoring regulations with which the Company has not complied based on the CG Checklist.
4. Consideration of reviewing business ethics in line with current situations.
6. Consideration of remuneration for the Board of Directors, the Executive Committee and sub-committees prior to presentation to the Board of Directors and shareholders for consideration of approval by based on commensuration with workloads, duties, responsibilities and performance of the Company and overall economic conditions.
7. Consideration of having the management prepare succession plans for high-ranking executives in line with established goals and performance criteria.
8. Consideration of selecting and nominating persons to positions as directors from the list of names nominated by shareholders with consideration given to qualifications and variety in knowledge, capabilities, experience and gender, etc.; presentation to the Board of Directors and shareholders by supporting minor shareholders in proposing agendas and persons to replace directors released from office in advance on 18 September 2015 – 1 December 2015 via the Company's website.

On Behalf of the Recruitment, Remuneration and Corporate Governance Committee



(Mr. Pholrach Piathanom)

Chairman, Recruitment, Remuneration and
Good Governance Committee

Board of Directors' Reports & Responsibility for Financial Reports

Dear Shareholders,

The board of directors is responsible for the financial statements of QTC Energy PCL, including the financial information appearing in the company's annual report and financial statements. The board of directors holds the view that the company's financial statements for the year ending 31 December 2015 have been compiled in compliance with generally accepted accounting principles by using proper accounting policy in line with the principles of caution and consistent practice. Moreover, the company has carefully exercised discretion with reasonable estimations in the compilation. Moreover, sufficient information has been disclosed in the remarks accompanying the company's financial statements. Hence, the aforementioned financial statements have passed the audit and unconditional opinions have been rendered by the independent licensed auditor.

The board of directors supports the company in good corporate governance with structural development for the board of directors in order to promote continued good corporate governance and efficient work performance with transparency and reliability. The board of directors has appointed a board of audit composed of three independent directors as the parties responsible for checking the financial reporting system, the internal control systems and internal audits. The board of audit has rendered opinions concerning the aforementioned matters as appearing in the board of audit's report as already shown in the annual report.

The board of directors has rendered the opinion that the company's internal control systems are sufficient and appropriate. Moreover, the aforementioned have the ability to build reasonable confidence in the reliability of the company's financial statements for the year ending 31 December 2015.



(Prof. Dr. Somchob Chaiyavej)

Chairman of the Board

Certified Auditor's Report

To the Shareholders of QTC Energy Public Company Limited

I have audited the accompanying consolidated financial statements of QTC Energy Public Company Limited and its subsidiary which comprise the consolidated statement of financial position as at 31 December 2015, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes disclosure summarizing significant accounting policies and other explanatory information. I have also audited the separate financial statements of QTC Energy Public Company Limited which comprise the separate statement of financial position as at 31 December 2015, the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes disclosure summarizing accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements, including planning and performing the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The selected audit procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement on the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidences I have obtained are sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 31 December 2015 and the consolidated results of operations and cash flows for the year then ended of QTC Energy Public Company Limited and its subsidiary, and the separate financial position as at 31 December 2015 and its results of operations and cash flows for the year then ended of QTC Energy Public Company Limited, in accordance with Thai Financial Reporting Standards.



Mr. Somckid Tiatragul
 Certified Public Accountant
 Registration No. 2785

Bangkok, Thailand
 4 February 2016

Business Performance and Financial Status

1. Auditing Report Summary

- (a) The financial statement of 2013 was audited by Mr. Somckid Tiatragul, Certified Public Accountant Registration No. 2785 of Grant Thornton Co., Ltd.

The auditor has examined the Company's financial statement and renders the opinion that the Company's financial statement presenting financial position as of 31 December 2013 and the performance for the year ending on the same day is appropriate in terms of relevant contents based on generally accepted accounting principles.

- (b) The financial statement for 2014 was audited by Mr. Somckid Tiatragul, Certified Public Accountant Registration No. 2785 of Grant Thornton Co., Ltd.

The auditor has examined the Company's financial statement and renders the opinion that the financial statement presenting financial position as of 31 December 2014 and performance for the year ending on the same day is appropriate in relevant contents based on the financial report standards of Thailand.

- (c) The financial statement of 2015 was audited by Mr. Somckid Tiatragul, Certified Public Accountant Registration No. 2785 of Grant Thornton Co., Ltd.

The auditor examined the Company's financial statement and renders the opinion that the Company's financial statement presenting financial position as of 31 December 2015 and performance for the year ending on the same day is appropriate in relevant contents based on financial report standards of Thailand.

2. Table Summarizing Financial Position and Performance

Statement of Financial Position

	2013 (Separate F/S)		2014 (Separate F/S)		2015 (Consolidated F/S)	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Assets						
Current Assets						
Cash and Cash Equivalents	117.36	15.95	86.24	12.10	93.56	8.75
Temporary Investment	10.84	1.47	0.11	0.02	20.00	1.87
Trade Accounts Receivable						
- General Customers - Net	126.07	17.13	146.17	20.51	469.62	43.93
- Related Companies	3.09	0.42	2.99	0.42	0.82	0.08
Inventories – Net	151.35	20.57	136.29	19.12	155.28	14.53
Refundable Value Added Tax	0.38	0.05	1.93	0.27	-	-
Expenses Paid in Advance	-	-	4.74	0.66	6.95	0.65
Other Current Assets	7.77	1.06	4.52	0.63	5.11	0.48
Total Current Assets	416.86	56.65	382.98	53.73	751.33	70.29
Non – Current Assets						
Restricted Deposits with Bank	0.58	0.08	0.77	0.11	-	-
Other Investments	0.05	0.01	0.05	0.01	0.05	-
Property, Plant and Equipment – Net	314.17	42.70	323.42	45.37	308.63	28.87
Computer Software	1.64	0.22	2.11	0.30	4.13	0.39
Security Deposits	-	-	-	-	-	-
Deferred Income Tax Asset	2.55	0.34	3.44	0.48	4.81	0.45
Total Non – Current Assets	318.99	43.35	329.80	46.27	317.62	29.71
Total Assets	735.85	100.00	712.78	100.00	1,068.95	100.00
Liabilities and Shareholders' Equity						
Current Liabilities						
Overdrafts and Short-term Loans from Banks	74.05	10.06	66.68	9.35	215.12	20.12
Trade Accounts Receivable	75.99	10.33	66.17	9.28	164.56	15.39
Other Payables	-	-	3.05	0.43	5.22	0.49
Current Portion of Long-term Loans	22.93	3.12	24.68	3.46	18.08	1.69
Current Portion of Payables According to Lease/	3.08	0.42	3.63	0.51	4.06	0.38
Purchase Contracts	11.10	1.51	12.93	1.81	29.23	2.73
Accrued Income Tax	12.31	1.67	12.37	1.74	24.95	2.33
Accrued Expenses	7.65	1.04	3.76	0.53	3.76	0.35
Deposits for Received Goods	-	-	-	-	11.21	1.05
Accrued Value Added Tax	10.11	1.37	5.77	0.81	8.99	0.84
Other Current Liabilities						
Total Current Liabilities	221.75	30.14	199.02	27.92	485.17	45.39
Non – Current Liabilities						
Long-term Loans – Net	31.08	4.22	19.52	2.74	0.75	0.07
Lease/Purchase Contract Payables – Net	5.16	0.70	3.55	0.50	5.49	0.51
Liabilities Under Employee Benefits Obligation	2.43	0.34	2.57	0.36	4.28	0.40
Total Non – Current Assets	38.67	5.26	25.64	3.60	10.51	0.98
Total Liabilities	260.42	35.40	224.66	31.52	495.69	46.37

Remarks: The Company had subsidiaries in 2015.

Statement of Financial Position (Continued)

	2013 (Separate F/S)		2014 (Separate F/S)		2015 (Consolidated F/S)	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Shareholders' Equity						
Share Capital						
Registered	200.00	27.18	200.00	28.06	200.00	18.71
Issued and Fully Paid	200.00	27.18	200.00	28.06	200.00	18.71
Premium on Common Shares	45.94	6.24	45.94	6.45	45.94	4.30
Retained Earnings						
Appropriated for Legal Reserve	20.00	2.71	20.00	2.81	20.00	1.87
Unappropriated	209.48	28.47	222.19	31.17	303.93	28.43
Other Components of Equity	-	-	-	-	0.36	0.03
Total Equity of the Company's Shareholders	475.42	64.60	488.12	68.48	570.23	53.34
Non – Controlling Interests in Subsidiary	-	-	-	-	3.04	0.28
Total Shareholders' Equity	475.42	64.60	488.12	68.48	573.26	53.63
Total Liabilities and Shareholders' Equity	735.84	100.00	712.78	100.00	1,068.95	100.00

Remarks: The Company has subsidiaries in 2015.

Statement of Comprehensive Income

	2013 (Separate F/S)		2014 (Separate F/S)		2015 (Consolidated F/S)	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Income						
Sales	783.88	97.64	743.83	96.24	1,209.57	97.96
Services	20.07	2.50	16.68	2.16	19.63	1.59
Other	(1.11)	(0.14)	12.38	1.60	5.60	0.45
Total Income	811.69	100.00	772.89	100.00	1,234.79	100.00
Costs and Expenses						
Cost of Sales	582.69	72.58	565.14	73.12	924.77	74.89
Cost of Services	9.73	1.21	15.01	1.94	11.64	0.94
Selling and Administrative Expenses	109.95	13.69	115.35	14.92	139.92	11.33
Total Expenses	702.37	87.48	695.50	89.98	1,076.33	87.16
Profit (Loss) Before Deducting Interest and Income Tax	100.48	12.52	77.38	10.01	158.46	12.83
Interest Payment	6.94	0.86	7.54	0.98	8.77	0.71
Juristic Person Income Tax	19.03	2.37	14.54	1.88	31.14	2.52
Net Profit (Loss) for the Year	74.51	9.28	55.30	12.87	118.55	9.60
Comprehensive Profit (Loss) for the Year						
Actuarial Loss	-	-	(0.59)	0.08	(1.06)	0.09
Exchange Differences from Foreign Currency	-	-	-	-	0.36	0.03
Other Comprehensive Profit (Loss) for Year-Net from Taxes	-	-	(0.59)	0.08	(0.70)	0.06
Total Comprehensive Profit (Loss) for the Year	-	-	54.70	7.08	117.85	9.54
Fully Diluted Net Profit (Loss) Per Share (Baht)	0.37	-	0.28	-	0.59	-
Weighted Average Net Profit (Loss) Per Share (Baht)	0.37	-	0.28	-	-	-
Par Value (Baht)	1.00	-	1.00	-	1.00	-

Remarks: The Company had subsidiaries in 2015.

Statement of Cash Flows

(Unit: Million Baht)	2013 (Separate F/S)	2014 (Separate F/S)	2015 (Consolidated F/S)
Cash Flows from Operating Activities			
Net Profit Before Income Tax	93.53	69.84	149.69
Adjustments to Reconcile Net Profit to Cash from Operating Activities			
Depreciation and Amortization	35.95	38.10	40.02
Provision for Doubtful Accounts	1.35	3.21	2.50
Provision (Reversal of Allowance) for Obsolete Inventories	0.40	0.08	(1.03)
Gain on Disposal of Properties	(1.00)	(2.44)	(0.71)
Unrealized Loss (gain) on Exchange Rate	(1.75)	(3.80)	0.49
Unrealized Loss (Gain) on Reevaluation of Investment	-	0.01	0.01
Provision for Employee Benefits Obligation	0.21	1.25	0.27
Interest Payment	6.94	7.54	8.77
Cash Provided from Operations before Changes in Operating Assets and Liabilities	135.62	113.78	199.99
Decrease (Increase) in Operating Assets			
Trade Accounts Receivable	128.11	(24.11)	(328.77)
Inventories	24.50	14.98	(17.96)
Refundable Value Added Tax	3.04	(1.56)	1.93
Other Current Assets	0.17	(1.49)	(2.80)
Increase (Decrease) in Operating Liabilities			
Trade Accounts Payable	(0.23)	(11.41)	100.73
Accrued Expenses	(0.81)	0.06	12.58
Deposits for Received Goods	4.23	(3.89)	-
Other Current Liabilities	1.19	(4.36)	14.45
Payment for Employee Benefits Obligation	-	(1.97)	-
Cash Gained from Operations	295.81	80.03	(15.49)
Tax Payment	(39.03)	(13.47)	(16.03)
Interest Payment	(6.85)	(7.02)	(8.25)
Net Cash Provided (Used) from Operations	249.93	59.54	(39.77)
Cash Flows from Investing Activities			
Decrease (Increase) in Restricted Cash Deposits	(0.58)	(0.19)	0.77
Decrease (Increase) in Temporary Investment	24.45	10.74	(19.89)
Proceeds from Sales of Assets	1.19	5.14	1.27
Purchase of Other Fixed Assets	(82.30)	(45.73)	(19.32)
Purchase of Computer Program	-	(1.65)	(2.89)
Net Cash Gained (Used) from Investing Activities	(57.24)	31.69	(40.06)
Cash Flows from Financing Activities			
Increase (Decrease) in Overdrafts and Short – Term Loan from Banks	(66.72)	(2.57)	148.44
Repayment of Long-term Loans			
Payment of Liabilities Under Purchase/Lease Contracts	13.25	(9.82)	(25.37)
Proceeds from Paid Up Share Capital	(3.45)	(4.59)	(3.65)
Dividend Cash Payment	-	-	3.29
	(61.95)	(41.99)	(36.00)
Net Cash Provided from (Used in) Financing Activities	(118.87)	(58.97)	86.71
Exchange Differences from Conversion of Subsidiary's Foreign Currency Financial Statements	-	-	0.45
Net Increase (Decrease) in Cash and Cash Equivalents	73.82	(31.12)	7.32
Cash and Cash Equivalents on 1 January	43.54	117.36	86.23
Cash and Cash Equivalents on 31 December	117.36	86.24	93.56

Remarks: The Company had subsidiaries in 2015.

3. Table Summarizing Significant Financial Ratios

Transactions		2013 (Separate F/S)	2014 (Separate F/S)	2015 (Consolidated F/S)
Liquidity Ratio				
Liquidity Ratio	(Times)	1.88	1.92	1.55
Quick Ratio	(Times)	1.18	1.22	1.22
Cash Flow Ratio	(Times)	0.97	0.28	(0.03)
Current Trade Accounts Receivable Ratio	(Times)	4.05	5.23	3.84
Average Collection Period	(Days)	90.12	69.79	95.05
Current Inventories Ratio	(Times)	9.64	9.17	6.25
Average Sale Period	(Days)	37.88	39.80	58.40
Trade Accounts Payable Ratio	(Times)	7.35	7.75	7.84
ระยะเวลาชำระหนี้ Repayment Period	(Days)	49.68	47.10	46.59
Cash Cycle	(Days)	78.32	62.48	61.58
Profitability Ratios				
Gross Profit Margin	(%)	26.31	23.71	23.82
Operating Profit Margin	(%)	12.64	8.55	12.44
Other Profit Margin	(%)	0.96	1.63	0.45
Cash to Profit Ratio	(%)	246.02	9.23	(26.02)
Net Profit Margin	(%)	9.27	7.27	9.64
Return on Equities	(%)	15.88	11.48	22.34
Efficiency Ratio				
Return on Assets	(%)	9.77	7.63	13.31
Return on Fixed Assets	(%)	38.22	29.12	38.41
Asset Turnover	(Times)	1.05	1.18	1.38
Financial Ratio				
Debt to Equity Ratio	(Times)	0.55	0.42	0.86
Interest Coverage Ratio	(Times)	38.29	9.09	16.30
Debt Service Coverage	(Times)	1.46	0.49	(5.87)
Dividend Payout Ratio	(%)	56.37	54.25	54.24

Remarks: The Company had subsidiaries in 2015.

Analysis and Explanations of the General Management Department

1. Overall Performance in the Past

The Company operates in the business of producing and distributing electrical transformers, a business related and involved with the production and demand for power, because electrical transformers are used to adjust voltage from the source to reach levels matching power user needs such as industrial factories, residential homes and skyscrapers, etc. Therefore, the Company's growth trends are in the same direction as continually rising power demands. Hence, EGAT which is responsible for Thailand's entire power production and transmission system, including the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA), which are responsible for distributing power to power users, will have to modify and expand the power transmission system for concurrence with the Thailand Power Development Plan, thereby increasing the demand for electrical transformers. In 2013 and 2014, the Company has electrical transformer and services sale at 774.47 million baht and 743.89 million baht, respectively, with decreasing trends caused by economic slowdown and impacts from domestic political problems.

In 2015, the Company's electrical transformer and service sales rose to 1,209.56 million baht, an increase by 62.62 percent from 2014 because investments in alternative energy expanded, particularly concerning solar energy. In the past, the prices of vital raw materials such as silicon, copper foil and copper wire used to insulate low voltage coils had significant fluctuations. However, with the management team's experience of over 20 years in the transformer industry in addition to the use of modern machinery and efficient production technology, the Company has always profited in the past. Furthermore, the Company is aware of the importance of implementing Enterprise Resource Planning (ERP) in the management of every sector of the Company such as production, procurement, sales, accounting and finance including warehouse management as an interrelated system capable of real-time data connections, which boosts the Company's overall performance.

Due to the great importance placed on transformer quality by the Company, the Company's electrical transformer products can be seen to have received certification of standards by various institutes whether if it was the Thai Industrial Standards Institute TISI 384-2543 from the Thai Industrial Standards Institute Office, Ministry of Industry, ISO 9001:2000 for distribution transformer design, production and maintenance in addition to receiving a certificate for laboratory capacity meeting TISI 17025-2548 standards (ISO/IEC 17025:2005). Furthermore, the Company is capable of producing electrical transformers with quality meeting various international standards. This proves our world-class quality and customer acceptance.

1. Income

The Company had total income of 802.84 million baht in 2013, 772.88 million baht in 2014 and 1,234.79 million baht in 2015. Sale and services income details including other income can be summarized as follows:

Income from Sales

Customer Type	2013			2014			2015		
	Million Baht	Ratio (%)	Growth Rate (%)	Million Baht	Ratio (%)	Growth Rate (%)	Million Baht	Ratio (%)	Growth Rate (%)
State Agencies and Enterprises	270.46	34.92	(18.19)	189.58	25.74	(29.90)	336.54	28.07	77.51
Sales Representatives	144.60	18.67	(30.03)	95.57	12.97	(33.91)	83.24	6.94	(12.90)
Private	359.41	46.41	(8.16)	451.51	61.29	25.63	779.21	64.99	72.58
Total Income from Sales	774.47	100.00	(16.60)	736.66	100.00	(4.88)	1,198.99	100.00	62.76

In 2013, the Company had sales income of 774.47 million baht, a reduction from 2012 by 16.60 percent. Income from electrical transformer sales to state agencies, state enterprises and private sector customers dropped from 330.58 million baht and 391.32 million baht, respectively in 2012 to 270.46 million baht and 359.41 million baht, respectively, in 2013, a reduction in growth rates by 18.19 percent and 8.16 percent as a result of problems from domestic political unrest during the year, including more intense competition.

In 2014, the Company had sales income of 736.66 million baht, a reduction from 2013 by 4.88 percent. Income from electrical transformer sales to private sector customers rose from 359.41 million baht in 2013 to 451.51 million baht in 2014, a growth of 25.63 percent as a result of alternative energy power plant project expansions in 2014. Income from the public sector and state enterprises dropped from 270.46 million baht in 2013 to 189.58 million baht in 2014 or a reduction of 29.90 percent as a result of domestic economic slowdown and political uncertainty.

In 2015, the Company had sales income of 1,198.99 million baht, an increase from 2014 by 62.76 percent. Income from electrical transformer sales to state agencies, state enterprises and private sector customers rose from 189.58 million baht and 451.51 million baht in 2014 to 336.54 million baht and 779.21 million baht in 2015, a growth of 77.51 percent and 72.58 percent from alternative energy power plant project expansions in 2015. Income from sale representatives dropped from 95.57 million baht in 2014 to 83.24 million baht in 2015 or a reduction by 12.90 percent as a result of lower sales by sale representatives overseas in line with the regional economic slowdown of the sale representatives' country.

Income from Services

The Company's income from services in 2013 – 2015 amounted to 20.07 million baht, 16.68 million baht and 19.63 million baht, respectively. Income from services can be divided into (1) income from transformer repairs; (2) income from providing transformer inspection and maintenance services; (3) income from steel cutting services; (4) income from allowing the lease of transformers and other. When income from services in 2015 was considered, income from services in 2015 was found to be composed of 5.12 million baht from transformer repairs or 26.07 percent of income from services, 5.45 million baht from transformer inspection and maintenance services or 27.74 percent of income from services, 7.60 million baht from steel cutting services or 38.71 percent of income from services and 0.61 million baht from allowing the lease of transformers or 3.13 percent of income from services.

Other Income

Other income for the Company consists of income from selling scrap, profits from exchange rates and received interests, etc. In 2013 – 2015, the Company had other income amounting to 1.11 million baht, 12.38 million baht and 5.59 million baht, respectively. In 2015, other income was composed of 3.29 million baht from selling scrap, 0.71 million baht from disposal of permanent assets, 0.65 million baht in loss from foreign currency exchange rates and 2.24 million baht from other income.

2. Costs and Expenses

The Company's main expenses consisted of sale and service costs, sale and management costs and paid interest. In 2013 – 2015, the Company had total expenses of 718.15 million baht, 703.04 million baht and 1,085.09 million baht, respectively, as follows:

Sale and Service Costs and Gross Profit

Sale and service costs are considered the Company's main expenses. The Company had sale and service costs amounting to 592.42 million baht in 2013, 580.15 million baht in 2014 and 936.41 million baht in 2015 or 85.39 percent, 82.52 percent and 86.30 percent of total expenses, respectively.

When sale and service costs are compared to income from sales and services, the Company has the aforementioned ratios at 73.69 percent, 76.29 percent and 76.18 percent of income from sales and services, respectfully or the gross profit of 26.31 percent, 23.71 percent and 23.82 percent, respectively. Factors impacting gross profits of the Company are as follows:

1. Product sale ratios to each customer mix in each year due to the fact that the Company's customers can be divided into the following three main types: (1) state agencies and enterprises; (2) sales representatives and (3) private sector customers, all of which had different gross profits. State agencies and enterprises are the group with the highest gross profits from large orders, making costs per unit lower than transformer production for other types of customers, followed by foreign sales representatives. In 2015, the Company had a gross profit of 23.82 percent. This was similar to the previous year. Although sales in 2015 were significantly higher than 2014, the ratio of transformer sales to private sector agencies accounted for 64.99 percent of total income from sales, which increased when compared to 2013 and 2014 when the transformer sale ratios to private agencies were 46.41 percent and 61.29 percent of total income from sales, respectively.
2. Raw material costs, especially main raw materials such as silicon, coated round wires and copper foil are raw materials with few producers and prices adjusted based on the supply and demand of the global market. This has resulted in a high degree of fluctuation. After the global economic crisis, silicon prices dropped continually from early 2010 to the end of 2012 by approximately 45 percent. In 2014, silicon prices rose again by approximately 37 percent during the final quarter of the year before rising continually until the end of 2015 at 40 – 50 percent from higher silicon demands while coated round wires and copper foil prices dropped slightly in 2015.

Sales and Management Expenses

The Company had sales and management expenses of 109.95 million baht in 2013, 115.35 million baht in 2014 and 139.92 million baht in 2015 or ratios of 13.69 percent, 14.92 percent and 11.33 percent of total income, respectively.

In 2013, the Company had sales and management expenses of 109.95 million baht, a reduction by 1.20 percent from 2012 because the Company had 7.49 million baht of exchange rate profits in 2014 while having losses from exchange rates in 2013. Expenses related to executives and employees continue to rise from increases to salaries. Furthermore, the Company had depreciation increased from 12.38 million baht in 2012 to 15.84 million baht in 2013 to increase production efficiency. Significant sale and management expenses in 2013 consisted of expenses related to executives and employees at 25.32 percent, depreciation at 13.33 percent and traveling expenses at 6.74 percent of sale and management expenses.

In 2014, the Company had sales and management expenses of 115.35 million baht, an increase by 6.75 percent from 2013 because the Company had higher expenses related to executives and employees from increases to salaries, continual investments in fixed assets and higher marketing costs from 2013 at 23.92 percent to build more brand knowledge and increase competitive opportunities. Significant sale and management expenses in 2014 consisted of expenses related to executives and employees at 21.37 percent, depreciation at 12.73 percent and marketing expenses at 10.31 percent of sales and management expenses.

In 2015, the Company had sale and management expenses of 139.92 million baht, an increase by 21.30 percent from 2014 because the Company had higher expenses related to executives and employees from increases to salaries and Sales Department expenses such as transformer transportation costs and packaging costs, etc. Significant sale and management expenses in 2015 consisted of expenses related to executives and employees at 24.73 percent and depreciation at 10.28 percent of sale and management expenses.

Interest Burden

In 2013 – 2015, the Company had interest burdens of 6.94 million baht, 7.54 million baht and 8.77 million baht, respectively. Most of the Company's interest burdens were incurred by the use of B/E, P/N and LC/TR balances which are current loan balances for ordering the purchase of domestic and foreign raw materials. Furthermore, the Company has a long-term loan from a commercial bank to invest in the construction of a new office building and invest in machinery to increase production efficiency, resulting in paid interest burdens from the aforementioned long term loan.

3. Net Profit

Based on the aforementioned performance, the Company had net profit in 2013 – 2015 at 74.51 million baht, 55.29 million baht and 118.55 million baht, respectively, or net profit rates of 9.27 percent, 7.15 percent and 9.60 percent, respectively

If net profit during the past year is considered, the Company's net profit had upward and downward trends based on the Company's income, including the ratio of income from sales to customers with high gross profits at higher ratios because approximately 37 – 40 percent of the Company's sales and management expenses did not fluctuate according to income such as expenses related to executives and employees, and depreciation, etc. In 2014, the net profit dropped to 7.19 percent because the income from the Company's sales was lower than in 2013 by 5.11 percent and higher ratios of sales to private sector customers and sales representatives. In 2014, competition was significant despite the economic slowdown.

In 2015, net profit increased by 63.25 million baht or 114.40% from product sales of the Company increasing by 62.61% and the ratio of product sales to the public sector, state enterprises and private sector customers in the renewable energy group increased from investments in projects related to renewable energy.

Return on Equity

When return on equity is considered, an adjustment in the same direction as increases in net profit is visible. The Company had return on equity of 15.88 percent in 2013, 11.18 percent in 2014 and 22.34 percent in 2015. The Company had higher return on equity compared to 2014 because performance in 2015 had higher profits compared to 2014 and the Company had higher return on equity from performance by 17.44 percent. Furthermore, in 2012 – 2014, the Company continually paid dividends to shareholders at the return on equity of 56.37 percent, 55.03 percent and 54.24 percent, respectively.

2. Financial Position

(a) Assets

At the end of 2013 – 2015, the Company had total assets of 735.84 million baht, 712.78 million baht and 1,068.95 million baht, respectively. The Company's significant assets are property, plant and equipment, trade accounts receivable and inventories. In 2015, the ratio of the aforementioned assets to total assets was 28.87 percent, 44.01 percent and 14.53 percent, respectively. The details of the Company's significant assets can be summarized as follows:

Trade Accounts Receivable

The Company has trade accounts receivable before deducting provision for doubtful accounts at 131.53 million baht at the end of 2013, 157.82 million baht at the end of 2014 and 481.60 million baht, which were 18.25 percent, 20.93 percent and 44.01 percent of total assets, respectively. At the end of 2015, trade accounts receivable before deducting provision for doubtful accounts increased by 205.15 percent compared to 2014 because product sales at the end of 2015 were high, resulting in high receivables outstanding, most of which are not due for payment.

The Company has policy to provide a credit term of approximately 30 – 60 days to customers. For new customers, however, the Company may stipulate that customers pay for goods in cash before delivery or pay a deposit in advance. In the case of foreign customers, the customer may be required to transfer funds into accounts or pay in L/C at Sight, depending on customer analysis by the Sales Department by giving primary consideration to customer capacity to repay debt. In the past, the Company had a mean collection time of 90.12 days in 2013, 69.78 days in 2014 and 95.05 days in 2015.

Outstanding Payment Period	At 31 DEC 2013		At 31 DEC 2014		At 31 DEC 2015	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Not Due	67.56	51.37	79.47	50.35	328.37	68.18
: Overdue for Payment:						
No More than 3 Months	53.46	40.64	60.59	38.39	128.10	26.60
3-6 Months	4.60	3.49	3.40	2.15	9.30	1.93
6-12 Months	0.46	0.35	4.55	2.89	4.65	0.97
More than 12 Months	5.46	4.15	9.82	6.22	11.18	2.32
Trade Accounts Receivable Before Deducting Provision for Doubtful Accounts	131.53	100	157.82	100	481.60	100
Deduction: Provision for Doubtful Accounts	(5.46)		(8.67)		(11.16)	
Trade Accounts Receivable-Net	126.07		149.16		470.44	

According to the aforementioned table, the Company's trade accounts receivable not due for payment at the end of 2013 – 2015 had ratios of 51.37 percent, 50.13 percent and 68.18 percent of trade accounts receivable before deducting provision for doubtful accounts, respectively, while customers overdue for payment of the Company had ratios of 48.63 percent, 49.65 percent and 31.82 percent of trade accounts receivable before deducting provision for doubtful accounts, respectively. Most of the customers were overdue for no more than three months. This is because the Company was unable to collect from waiting for bill placement and customer payments along with the fact that most of the Company's private sector customers are power system contractors who purchased transformers from the Company for installation at various projects. Therefore, payments to the Company are dependent on customers' ability to collect from project owners, which may require a long period of time. Nevertheless, the Company was able to collect all debts from the aforementioned trade accounts receivable.

At the end of 2013 – 2015, the Company had ratios of trade accounts receivable overdue for payment by more than one year at 4.15 percent 6.22 percent and 2.32 percent of trade accounts receivable before deducting provision for doubtful accounts, respectively. In 2015, trade accounts receivable overdue for payment by more than one year increased from 2014 by 29.05 percent. The Company considered various options to follow-up on the aforementioned debts including legal actions or negotiations for trade accounts receivable to gradually pay off liabilities to the Company in cases where trade accounts receivable can be contacted by considering the suitability and needs of each trade account receivable. The management gave proper attention to and closely followed up on the progress and actions of related parties at monthly meetings. Thus, the Company received payments from trade accounts receivable with provision for doubtful accounts at 1.36 million baht in 2013, 2.11 million baht in 2014 and 1.24 million baht in 2015. With regard to policy in setting provision for doubtful accounts in 2014 and 2015, the Company considered setting provision for doubtful accounts from trade accounts receivable overdue for more than one year at the full amount. At the end of 2015, the Company set provision for doubtful accounts at 11.16 million baht.

Inventories

At the end of 2013 – 2015, the Company had lower inventories before deducting allowance for obsolete and decline value of inventories by 154.87 million baht, 139.72 million baht and 159.75 million baht, respectively. The largest amount of inventories was in raw materials at the ratio to total inventories of 40.49 percent, 42.70 percent and 50.47 percent, respectively. This was due to the following:

- Raw materials used in transformer production such as silicon and copper foil are goods with few producers requiring reservations from producers or suppliers in advance in order to have sufficient amounts for production and reduction of risks from raw material price fluctuations.
- Generally, the production of a set of transformers requires different raw material sizes and the amount of raw materials used for each size is different while raw material purchase orders require minimum orders, leaving an amount of remaining raw materials.
- Because some types of raw materials such as copper foil and coated round wires, etc., are rolled, there are scraps of copper or wire left at the ends of rolls. The Company considers the sales of the aforementioned raw material scrap as fitting. While unamortized, the Company continues to record the aforementioned copper or wire scrap as outstanding raw materials.

	31 DEC 2013		31 DEC 2014		At 31 DEC 2015	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Raw Materials	62.72	40.49	59.66	42.70	80.63	50.47
Work in Process	21.17	13.67	11.27	8.07	7.50	4.70
Finished Goods	65.75	42.46	60.75	43.47	61.11	38.25
Goods in Transit	5.23	3.38	8.04	5.76	10.51	6.58
Total Inventories	154.87	100	139.72	100	159.75	100
Deduction Allowance for Obsolete and Decline Values	(3.52)		(3.44)		(4.47)	
Inventories – Net	151.35		136.28		155.28	

When the ratio of finished goods to inventories is considered at 42.46 percent at the end of 2013, 43.47 percent at the end of 2014 and 38.25 percent at the end of 2015, changes can be seen to be in the same direction as sales times at 37.88 days, 39.80 days and 23.75 days, respectively. Finished goods are composed of the following: (1) completed transformers awaiting delivery to customers. Because the Company delivers the goods to the customer at the sites specified by the customer in most transformer sales, customers are required to prepare facilities for the receipt of transformers from the Company. In some cases, customers will notify the Company to reschedule deliveries. Consequently, the Company will continue recording the aforementioned transformers as finished goods because the Company may only record as income when transformers have been delivered to customers in compliance with the Company's accounting policy; (2) transformers reserved for sale. Because the Company's sales grew by leaps and bounds in 2011 and 2012, the Company has given importance to producing finished transformers to reserve for sale since 2013. These are standard-sized transformers with regular purchase orders allowing the Company to plan for more effective production. This is why the Company has a number of finished transformers remaining.

In 2015, the Company had inventories before deducting allowance for obsolete and decline value at 159.75 million baht, an increase from the end of 2014 by 14.34 percent. The aforementioned inventories before deducting allowance consisted of raw materials at 91.14 million baht, an increase from the end of 2014 by 34.62 percent, works in process at 7.50 million baht, a reduction from the end of 2014 by 33.45 percent and finished goods at 61.11 million baht, an increase from the end of 2014 by 0.59 percent. Works in process can be seen to have dropped significantly as a result from speeding transformer production to keep up with customer delivery schedules, most of which are due for delivery by the end of 2015 as can be seen from sales in the last quarter of the year rising to 553.84 million baht.

At the end of 2014 and 2015, the Company set allowances for obsolete value at 3.44 million baht and 4.67 million baht, respectively, as an allowance for all types of inventory. The Production Department will consider using each inventory. If any inventory cannot be used, the Company will consider selling the aforementioned inventory as scraps and set allowance for obsolete value at equal to difference between net costs and value expected to gain from selling finished goods. The Company set lower allowance for decline value at 1.67 million baht in 2014 and 3.92 million baht at the end of 2015.

Property, Plant and Equipment

The Company has net property, plant and equipment at 314.17 million baht and the end of 2013, 323.42 million baht at the end of 2014 and 308.63 million baht or the ratio to total assets of 42.60 percent, 45.37 percent and 28.87 percent, respectively. In 2013, the company had higher net property, plant and equipment than 2012 by 54.80 million baht because the Company had additional factory constructions amounting to 15.87 million

baht and invested to purchase more machinery and equipment at 74.00 million baht such as transformer testing machines, steel cutting machines and coil winding machines. In 2014, the Company had higher factory machinery and equipment than 2013 by 43.38 million baht from investment in factory machinery and equipment purchases to improve production efficiency with machines such as steel cutting machines and steel folding machines.

In 2015, the Company had lower net property, plant and equipment than 2014 by 14.79 million baht as a result from considering normal property depreciation. The Company continually invested in machinery and equipment to improve efficiency and production capacity since 2012 to 2014.

(b) Liquidity

Cash Flows

In 2013, the Company had net cash flow from operations at 249.93 million baht because the Company had profits before tax deductions at 93.53 million baht, received payments from trade accounts receivable at 130.92 million baht, had lower inventories at 24.50 million baht and the Company increased investment in fixed assets by 82.30 million baht. Significant assets invested in consisted of factory buildings at 15.87 million baht, machinery and equipment at 74.00 million baht while the Company had net cash flow spent in financing activities at 118.87 million baht. The Company made short term loans from banks at 66.72 million baht with long term loans increasing by 29.92 million baht and dividend payout to shareholders at 61.95 million baht. From the aforementioned causes, the Company had higher cash and cash equivalents by 73.82 million baht in 2013.

In 2014, the Company had net cash flow gain from operating activities at 59.54 million baht, a reduction from 2013 because the Company had profit before tax deductions at 69.84 million baht and used the aforementioned cash flow as current funds. Trade accounts receivable increased by 24.23 million baht and the Company increased investment in fixed assets by 45.73 million baht. Significant assets invested in consisted of factory machinery and equipment at 29.20 million baht, office supplies and office decorations at 6.57 million baht and vehicles at 3.15 million baht. In addition, the Company had net cash flow from financing activities at 58.98 million baht. The Company paid long-term loans from banks at 25.22 million baht with more long term loans by 15.40 million baht and paid dividends to shareholders at 42.00 million baht. From the aforementioned causes, the Company had lower cash and cash equivalents by 31.12 million baht in 2014.

In 2015, the Company had net cash flow from operating activities at 39.77 million baht, a reduction from 2014 because the Company had profit before tax deductions at 149.69 million baht and used the aforementioned cash flow as current funds. Trade accounts receivable increased by 321.28 million baht and the Company increased investment in various foundations by 19.89 million baht along with investing in vehicle fixed assets at 5.65 million baht. In addition, the Company had net cash flow from financing activities at 86.71 million baht. The Company made more short term loans at 148.44 million baht and paid more long term loans from banks at 25.37 million baht and paid dividends to shareholders at 36.00 million baht. From the aforementioned causes, the Company had lower cash and cash equivalents by 7.32 million baht in 2015.

(Unit: Million Baht)	2013	2014	2015
Net Cash Gained (Used) from Operating Activities	249.93	59.54	(39.77)
Net Gash Gained (Used) from Investing Activities	(57.23)	(31.69)	(40.06)
Net Cash Gained (Used) from Financing Activities	(118.87)	(58.98)	86.71
Net Increased (Decreased) Cash and Cash Equivalents	73.82	(31.12)	7.32

Liquidity Ratio

At the end of 2013 – 2015, the Company had liquidity ratios of 1.88 times, 1.92 times and 1.55 times, respectively, and had the quick ratios of 1.18 times, 1.22 times and 1.22 times, respectively. Significant difference of quick ratios from the Company's liquidity ratios occurred from high inventories to current assets ratios at 36.17 percent, 35.59 percent and 20.67 percent, respectively.

When the Company's cash cycle was considered, the Company can be seen to have a cash cycle of 78.32 days in 2013, 62.48 days in 2014 and 61.58 days in 2015. The Company's mean collection periods in 2013 – 2015 were 90.12 days, 69.79 days and 95.05 days, respectively. In 2015, the Company's collection period was 95.05 days, an increase from the previous year because the Company sold goods to large products and delivered at the end of the year, resulting in higher outstanding trade accounts receivable. The Company has monitored the situation closely to ensure more effective monitoring of debts.

		2013	2014	2015
Liquidity Ratio	(Times)	1.88	1.92	1.55
Quick Ratio	(Times)	1.18	1.22	1.22
Mean Collection Period	(Days)	90.12	69.79	95.05
Mean Sales Period	(Days)	37.88	39.80	58.40
Payment Period	(Days)	49.68	47.10	46.59
Cash Cycle	(Days)	78.32	62.48	61.58

(c) Source of Capital

Liabilities

At the end of 2013 – 2015, the Company had total liabilities of 260.42 million baht, 224.66 million baht and 495.69 million baht, respectively. Total liabilities can be seen to have upward or downward trends concurrent with increased or decreased sales because the Company needs to purchase sufficient raw materials for production. When the liability structure of the Company is considered, most of the liabilities are found to be current liabilities used in the Company's normal business operations. When calculated in ratios, the ratio to total liabilities was equal to 85.15 percent at the end of 2013, 88.59 percent at the end of 2014 and 97.88 percent at the end of 2015. Significant current liabilities consist of short-term loans from banks at 43.40 percent of total liabilities at the end of 2015, most of which were in bills of exchange, promissory notes (P/N and LC/TR used to order the purchase of raw materials from in the country and overseas. Furthermore, current liabilities also include trade accounts payable at 33.20 percent of total liabilities at the end of 2015.

Shareholders' Equity

At the end of 2013, the Company had shareholders' equity at 475.42 million baht, an increase from the end of 2012 by 12.51 million baht and an increase from profits for the year at 74.51 million baht. The Company paid dividends to shareholders at 62.00 million baht.

At the end of 2014, the Company had shareholders' equity at 488.12 million baht, an increase from the end of 2013 by 12.70 million baht and an increase from profits for the year at 55.29 million baht. The Company paid dividends to shareholders at 42.00 million baht.

At the end of 2015, the Company had shareholders' equity at 573.26 million baht, an increase from the end of 2014 by 85.14 million baht and an increase from profits for the year at 118.55 million baht. The Company paid dividends to shareholders at 64.00 million baht.

Investment Structure Appropriateness

The Company had a liabilities to shareholders' equity ratio of 0.55 times at the end of 2013, 0.42 times in 2014 and 0.86 times in 2015. In 2015, the liabilities to shareholders' equity ratio was high compared to other years because the Company ordered the purchase of large amounts of raw materials in the final quarter of the year to have sufficient raw materials for production during the fourth quarter of 2015 and the first quarter of 2016, increasing short-term loans by 215.12 million baht in 2015 from 66.67 million baht in 2014.

3. Main Factors and Influences with Potential Impact on Future Performance and Financial Position

There are impacts due to the uncertainty of bidding results because customers who produce and distribute power in the public sector and state enterprises such as the Metropolitan Electricity Authority and the Provincial Electricity Authority will have transformer purchase processes by bidding, thereby causing potential for increased uncertainty of income from sales for the Company dependent on bidding capabilities. Furthermore, bidding results are primarily dependent on economic conditions and budgets of each agency with impacts on the time when the aforementioned agencies will open biddings. In the past, the Company had income from transformer sales to this group of customers at approximately 32 – 45 percent of total income from sales, which are high ratios. Nevertheless, the Company and the Company's executives have conducted business for a long time. This has resulted in good relationships with both the MEA and PEA coupled with reliability in terms of transformer quality. Furthermore, the Company is one of only a few manufacturers of high quality transformers matching the needs of both agencies. Hence, the executives believe the Company has sufficient capacity to continually sell transformers to both the MEA and the PEA in the long run.

4. Audit Fees

At the end of the 2015 accounting year on 31 December 2015, the Company paid audit fees to the Company's auditor, Grant Thornton Co., Ltd., in the amount of 910,000.00 baht. Other than the aforementioned fees, the Company has no other service fees to be paid to the auditor, the auditing office of the auditor and persons or businesses related to the auditor or the auditor's office.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Financial Position

(Unit : Baht)

		Consolidated F/S	Separate F/S	
	Notes	31 December 2015	31 December 2015	31 December 2014
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	93,559,103	75,244,323	86,235,626
Temporary investment	6	20,000,378	20,000,378	108,405
Trade accounts receivable - general customers - net	7	469,621,681	469,621,681	146,173,389
- related companies	7, 8	815,661	815,661	2,985,557
Amount due from subsidiary	8	-	731,280	-
Inventories - net	9	155,277,892	155,277,892	136,286,162
Refundable value added tax		-	-	1,933,404
Prepaid expenses		6,948,566	6,948,566	4,740,659
Other current assets		5,107,156	5,064,905	4,519,013
Total current assets		751,330,437	733,704,686	382,982,215
NON - CURRENT ASSETS				
Restricted deposits with bank	10	-	-	773,995
Investment in subsidiary	11	-	18,655,120	-
Other investment		50,000	50,000	50,000
Property, plant and equipment - net	13	308,632,932	305,264,292	323,424,007
Computer software - net	14	4,134,636	4,134,636	2,111,760
Deferred income tax asset - net	17	4,805,557	4,894,965	3,442,953
Total non - current assets		317,623,125	332,999,013	329,802,715
TOTAL ASSETS		1,068,953,562	1,066,703,699	712,784,930

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Financial Position (Continued)

(Unit : Baht)

		Consolidated F/S	Separate F/S	
	Notes	31 December 2015	31 December 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short - term loans from banks	15	215,117,086	215,117,086	66,675,216
Trade accounts payable	16	164,556,624	164,556,624	66,167,347
Other account payable		5,215,151	5,215,151	3,045,304
Current portion of				
- Long - term loans	15	18,075,400	18,075,400	24,679,459
- Liabilities under financial lease agreements	15	4,060,303	4,060,303	3,626,927
Accrued income tax		29,228,315	29,228,315	12,926,416
Accrued expenses - general	18	24,953,567	24,627,089	12,374,617
- subsidiary	8	-	294,663	-
Advance from customers		3,763,700	3,763,700	3,757,698
Value added tax payable		11,211,996	11,211,996	-
Other current liabilities		8,992,519	8,741,581	5,769,757
Total current liabilities		485,174,661	484,891,908	199,022,741
NON - CURRENT LIABILITIES				
Long - term loans - net	15	750,000	750,000	19,515,400
Liabilities under financial lease agreements - net	15	5,487,634	5,487,634	3,554,767
Liabilities under employee benefits obligation	19	4,276,567	4,276,567	2,567,572
Total non - current liabilities		10,514,201	10,514,201	25,637,739
TOTAL LIABILITIES		495,688,862	495,406,109	224,660,480

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Financial Position (Continued)

(Unit : Baht)				
		Consolidated F/S	Separate F/S	
	Note	31 December 2015	31 December 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)				
SHAREHOLDERS' EQUITY				
Share capital : common share, Baht 1 par value				
Registered 200,000,000 shares		200,000,000	200,000,000	200,000,000
Issued and fully paid - up 200,000,000 shares		200,000,000	200,000,000	200,000,000
Premium on common shares		45,939,064	45,939,064	45,939,064
Retained earnings				
- Appropriated for legal reserve	20	20,000,000	20,000,000	20,000,000
- Unappropriated		303,928,316	305,358,526	222,185,386
Other components of equity		357,630	-	-
Total equity of the Company's shareholders		570,225,010	571,297,590	488,124,450
Non - controlling interests in subsidiary		3,039,690	-	-
Total shareholders' equity		573,264,700	571,297,590	488,124,450
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
		1,068,953,562	1,066,703,699	712,784,930

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Comprehensive Income

(Unit : Baht)				
	Notes	Consolidated F/S	Separate F/S	
		2015	2015	2014
Income from sales and services				
Sales	25	1,209,566,283	1,209,566,283	743,826,369
Service income	25	19,630,065	19,630,065	16,675,786
Total income from sales and services		1,229,196,348	1,229,196,348	760,502,155
Cost of sales and services				
Cost of sales	23	(924,766,261)	(924,766,261)	(565,141,901)
Cost of services	23	(11,642,183)	(11,642,183)	(15,011,497)
Total cost of sales and services		(936,408,444)	(936,408,444)	(580,153,398)
Gross profit		292,787,904	292,787,904	180,348,757
Gain (loss) on exchange rate	23	(654,092)	(661,949)	4,414,415
Other income		6,246,341	6,246,341	7,963,799
Income before expenses		298,380,153	298,372,296	192,726,971
Selling expenses	23	(53,218,512)	(53,218,512)	(39,887,393)
Administrative expenses	23	(86,700,634)	(85,010,177)	(75,463,491)
Total expenses		(139,919,146)	(138,228,689)	(115,350,884)
Income before financial cost and income tax		158,461,007	160,143,607	77,376,087
Financial cost	23	(8,767,597)	(8,767,597)	(7,539,040)
Income before income tax		149,693,410	151,376,010	69,837,047
Income tax	17	(31,142,965)	(31,142,965)	(14,541,979)
Income for the year		118,550,445	120,233,045	55,295,068
Other comprehensive income (loss)				
Items not subsequently reclassifiable to profit or loss				
Actuarial loss	17, 19	(1,060,571)	(1,060,571)	(591,756)
Items subsequently reclassifiable to profit or loss				
Exchange differences from foreign currency financial statement translation		357,630		
Other comprehensive income (loss) for the year - net of tax		(702,941)	(1,060,571)	(591,756)
Total comprehensive income for the year		117,847,504	119,172,474	54,703,312

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Comprehensive Income

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Profit (loss) attributable to:			
Portion of the Company's shareholders	118,802,835	120,233,045	55,295,068
Portion of non-controlling interests	(252,390)	-	-
	<u>118,550,445</u>	<u>120,233,045</u>	<u>55,295,068</u>
Comprehensive income (loss) attributable to:			
Portion of the Company's shareholders	118,099,894	119,172,474	54,703,312
Portion of non-controlling interests	(252,390)	-	-
	<u>117,847,504</u>	<u>119,172,474</u>	<u>54,703,312</u>
Basic earnings per share			
Income (Baht per share)	0.59	0.60	0.28
Weighted average number of common shares (share)	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements Of Changes In Shareholders' Equity

FOR THE YEARS ENDED 31 DECEMBER

Separate F/S	Note	Issued and fully paid - up share capital	Premium on common shares	Retained earnings		Total
				Legal reserve	Unappropriated	
						(Unit : Baht)
Balance as at 1 January 2014		200,000,000	45,939,064	20,000,000	209,481,444	475,420,508
Comprehensive income for the year		-	-	-	54,703,312	54,703,312
Dividend payment	21	-	-	-	(41,999,370)	(41,999,370)
Balance as at 31 December 2014		200,000,000	45,939,064	20,000,000	222,185,386	488,124,450
Balance as at 1 January 2015		200,000,000	45,939,064	20,000,000	222,185,386	488,124,450
Comprehensive income for the year		-	-	-	119,172,474	119,172,474
Dividend payment	21	-	-	-	(35,999,334)	(35,999,334)
Balance as at 31 December 2015		200,000,000	45,939,064	20,000,000	305,358,526	571,297,590

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Cash Flows

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S	Separate F/S	
	2015	2015	2014
Cash flows from operating activities			
Income before income tax	149,693,410	151,376,010	69,837,047
Adjustments to reconcile income before income tax to net cash provided from operating activities			
Depreciation and amortization	40,023,514	40,023,514	38,100,079
Allowance for doubtful accounts	2,495,765	2,495,765	3,206,511
Allowance (reversal of allowance) for obsolete and decline value of inventories	(1,026,680)	(1,026,680)	83,078
Gain on disposal of assets	(713,137)	(713,137)	(2,438,039)
Unrealized loss (gain) on exchange rate	485,172	485,172	(3,795,967)
Unrealized gain on revaluation of investment	(378)	(378)	(943)
Provision for employee benefits obligation	269,095	269,095	1,252,395
Interest expense	8,767,597	8,767,597	7,539,040
Cash provided from operations before changes in operating assets and liabilities	199,994,358	201,676,958	113,783,201
Decrease (increase) in operating assets			
Trade accounts receivable - general customers	(326,596,688)	(326,596,688)	(24,232,265)
Trade accounts receivable - related companies	2,169,896	2,169,896	119,025
Amount due from subsidiary	-	(731,280)	-
Inventories	(17,965,050)	(17,965,050)	14,981,115
Refundable value added tax	1,933,404	1,933,404	(1,557,688)
Prepaid expenses	(2,207,907)	(2,207,907)	(561,939)
Other current assets	(588,131)	(545,880)	(926,505)
Increase (decrease) in operating liabilities			
Trade accounts payable	98,557,244	98,557,244	(9,921,645)
Other payable - general suppliers	2,169,847	2,169,847	(1,486,852)
Accrued expenses	12,578,952	12,547,136	60,270
Customer advances	6,002	6,002	(3,893,515)
Value added tax payable	11,211,995	11,211,995	-
Other current liabilities	3,241,062	2,990,125	(4,359,609)
Payment for employee benefits obligation	-	-	(1,974,080)
Cash provided from (used in) operations	(15,495,016)	(14,784,198)	80,029,513
Interest payment	(8,249,800)	(8,249,800)	(7,017,593)
Income tax payment	(16,027,935)	(16,027,935)	(13,468,760)
Net cash provided from (used in) operating activities	(39,772,751)	(39,061,933)	59,543,160

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Statements of Cash Flows (Continued)

FOR THE YEARS ENDED 31 DECEMBER

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Cash flows from investing activities			
Decrease (increase) in restricted cash deposits	773,995	773,995	(194,407)
Decrease (increase) in temporary investment	(19,891,595)	(19,891,595)	10,735,212
Increase in investment in subsidiary	-	(18,655,120)	-
Proceeds from sales of assets	1,266,552	1,266,552	5,142,471
Purchases of assets	(19,322,681)	(15,954,041)	(45,729,758)
Purchases of computer software	(2,889,949)	(2,889,949)	(1,645,950)
Net cash used in investing activities	(40,063,678)	(55,350,158)	(31,692,432)
Cash flows from financing activities			
Increase (decrease) in short - term loan from banks	148,441,363	148,441,363	(2,567,333)
Increase in long - term loan from banks	-	-	15,400,000
Repayment of long - term loans	(25,369,459)	(25,369,459)	(25,222,000)
Repayment of liabilities under financial lease	(3,651,782)	(3,651,782)	(4,586,627)
Proceeds from paid-up share capital from non - controlling interest	3,292,080	-	-
Dividend payment	(35,999,334)	(35,999,334)	(41,999,370)
Net cash provided from (used in) financing activities	86,712,868	83,420,788	(58,975,330)
Exchange differences from translation of subsidiary's foreign currency financial statements	447,038	-	-
Net increase (decrease) in cash and cash equivalents	7,323,477	(10,991,303)	(31,124,602)
Cash and cash equivalents at beginning of period	86,235,626	86,235,626	117,360,228
Cash and cash equivalents at end of period	93,559,103	75,244,323	86,235,626
Supplemental cash flows information			
Non cash transactions :			
Purchase assets under finance lease agreements	5,596,112	5,596,112	3,154,000

The accompanying notes form an integral part of these financial statements.

QTC ENERGY PUBLIC COMPANY LIMITED AND SUBSIDIARY

Note to Financial Statements

AS AT 31 DECEMBER 2015 AND 2014

1. GENERAL INFORMATION

QTC Energy Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 2/2 Krungthep Kritha Soi 8 Yak 5, Krungthep Kritha Road, Huamark, Bangkapi, Bangkok, with a branch at 149 Moo 2 Mapyangporn Sub District, Ploukdaeng District, Rayong.

The Company was listed on “MAI” of the Stock Exchange of Thailand (SET) on 28 July 2011.

The Company’s major shareholders during the year are Ms. Sasikarn Tantanasin (22.50% shareholding) and Mr. Patcharapong Tantanasin (20.86% shareholding).

The Company is engaged principally in the manufacturing of transformers for sales and made to orders of domestic and foreign customers under the “QTC” Trademark and customer specific brands. At present, the Company’s transformer products are categorized as follows:

- For Distribution Transformers: 10-5000 KVA
- Power Transformers: 5000-30000 KVA
- Special Transformers: designed and manufactured in accordance with customers’ usage and features, such as Earthling Transformer, Dry-Type Class F&H, Unit Substation, Pad mounted.

Furthermore, the Company also provides various types of services for customers, such as scheduled checks and maintenance, transformer repairs and maintenance, transformer oil fill services, transformer rental services, etc., in order to support customer needs and facilitate both customers who have purchased the Company’s transformers and other customers in general.

Details of the Company’s subsidiary as at 31 December 2015 are given in Note 11.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The accompanying financial statements have been officially prepared in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These are officially prepared in Thai language. The translation of these financial statements to other language must be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

The Federation of Accounting Professions has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain Company's accounting policies.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company has control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management believes that this standard will not have any significant impact on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for the fiscal years beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. However, some of those new and revised TFRS are not relevant to the Company's operations.

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in the preparation of these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property

TFRS	Topic
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 25 (revised 2015)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

The Company has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Non-derivative financial instruments at fair value through profit or loss	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 19

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has 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 the CFO.

The Company 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 Company 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 valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far 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.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Basis of consolidation

During the year 2013, the management of the Company entered into a joint venture agreement with Panco Co., Ltd., a company incorporated in Lao People's Democratic Republic, to set up QTC – Panco Co., Ltd. in Lao People's Democratic Republic, whereby the Company shall invest in such company for 85% of the share capital.

On 19 March 2015, the Company purchased such 85% of share capital of QTC – Panco Co., Ltd. for Baht 18.66 million and received the transfer of shares of QTC – Panco Co., Ltd. from its management. The Company therefore, initially prepared the consolidated financial statements for the three-month period ended 31 March 2015 for the first time. The Company does not retrospectively prepare the consolidated financial statements since the share was formerly held by the Company management and the effect, had the Company prepared the consolidated financial statements retroactively, would not be significant to the overall financial statements. As at 31 December 2014, the subsidiary had total assets of LAK 190,926,748 (equivalent to Baht 0.78 million), 0.15% of the consolidated total assets, and deficit of LAK 29,614,821 (equivalent to Baht 0.12 million).

The consolidated financial statements include the financial statements of QTC Energy Public Company Limited and its 85% owned subsidiary ("QTC – Panco Co., Ltd.").

The percentage of subsidiary's total assets as at 31 December 2015 and total revenues for the year ended 31 December 2015 as included in the consolidated financial statements are as follows:

Subsidiary company	Nature of business	Percentage of subsidiary's total assets to consolidated total assets as at 31 December 2015	Percentage of subsidiary's total revenues to consolidated total revenues for the year ended 31 December 2015
QTC – Panco Co., Ltd.	Distributing of electric transformers	2.06	-

Significant intercompany balances and transactions and investment in subsidiary company have been eliminated from the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policy for the same accounting transactions or accounting events as used for the preparation of separate financial statements.

The financial statements for the year ended 31 December 2015 of QTC – Panco Co., Ltd., that included in the consolidated financial statements for the year ended 31 December 2015 have been audited by the subsidiary's auditor.

Subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These financial statements were authorized by the Company's authorized director on 4 February 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all fiscal periods presented in these financial statements.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in profit or loss as incurred.

Foreign subsidiary

The assets and liabilities of foreign subsidiary are translated into Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign subsidiary are translated into Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognized as other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realizable value. The Company provides allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection process. The estimated losses are based on historical collection experiences coupled with a review of the current status of receivables.

Inventories

Inventories are valued at the lower of cost (specific method) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of the business less the marginal cost to complete (for work in process) and other estimated costs necessary to make the sale.

Cost consists of purchasing price and other related direct cost, net of discounts and allowances (if any).

Costs of finished goods and work in process consist of raw materials, direct labor, other direct expenses and overhead which are allocated based on the production process.

The Company sets up allowance for decline value of inventories (if any), based on their current status, slow – moving and defectiveness.

Investment in subsidiary company

Investment in subsidiary in the separate statement of financial position is accounted for by the cost method. The Company recognizes gain or loss on sale of investment in the statement of profit or loss and other comprehensive income in the year the investment is sold. In the case of impairment, the Company will recognize loss from impairment as expense in the statement of profit or loss and other comprehensive income. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

The fair value of financial instruments classified as held-for-trading is determined at the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Building	20 years
Furniture, fixtures and office equipment	5 years
Machine and factory equipment	5 and 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Computer software

Computer software is presented at cost less accumulated amortization. Amortization is calculated by a straight-line basis over the estimated useful lives of 5 years.

Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Revenue and expense recognition

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sales of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Interest income

Interest income is recognized in profit or loss as it accrues.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Income tax

The income tax expense for the year comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of earlier years.

Deferred income tax

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts of corresponding items used for income tax computation purpose. Deferred income tax is measured by applying the tax rate to the temporary differences which are expected to be reversed, using tax rate enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets are 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 the end of each reporting period and reduced to the extent that the related tax benefit will be realized.

Employee benefits

Short-term employment benefits

Salaries, wages, bonuses, contribution to the social security and provident fund, are recognised as expenses when incurred on the accrual basis.

Post-employment benefits (Defined contribution plan)

The Company and its employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company. The fund's assets are held in a separate trustee fund from the Company's assets. The Company's contribution to the fund is recognised as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company has obligations in respect of the severance payments they must make to employees upon retirement under the labour law. The Company accounts for this obligation in its accounts for each accounting period.

The obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses for the computation of post-employee benefits is recognized in other comprehensive income.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Basic earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Dividend payment

Dividend payment is recorded in the financial statements in the period in which they are approved by the Shareholders or Board of Directors of the Company.

Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

4.1.1 Impairment of trade accounts receivables

The Company sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non collection of receivable. The allowance is based on a review of outstanding receivables at reporting date with the customer status.

4.1.2 Allowance for decline value and defective inventories

The Company provides an allowance for decline value and defective inventories (if any) to reflect impairment of inventories. The allowance is based on the consideration of inventory turnovers, the period of outstanding and the comparison with market value.

4.1.3 Plant, equipment and computer program

Management determines the estimated useful lives and residual values of the Company's plant, equipment and computer software and will revise the depreciation charge where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if they are no longer in used.

4.1.4 Post – employee benefits

The employee benefits obligation for employee retirement in compliance the Thai labour law is measured, using the projected unit credit method in accordance with Actuarial Technique for the present value of the estimated future cash outflows based on the interest rates of government securities, which terms to maturity approximate the terms of the related obligations and consider based on salary, turnover rate, mortality rate, length of service and others.

4.1.5 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

4.1.6 Provision for warranty expense

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.2 Capital risk management

The Company's objectives in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends payment for shareholders, return capital, issue new shares, or sell assets to reduce debts.

5. CASH AND CASH EQUIVALENTS

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Cash on hand	107,106	100,000	160,000
Cash at banks - Current accounts	23,757,398	5,449,724	5,758,912
Cash at banks - Savings accounts	69,694,599	69,694,599	80,316,714
Total	93,559,103	75,244,323	86,235,626

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
THB	75,155,558	75,155,558	86,146,639
AUD	88,765	88,765	88,987
LAK	18,314,780	-	-
Total	93,559,103	75,244,323	86,235,626

6. TEMPORARY INVESTMENT

Movements during the year are as follow:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Balance as at 1 January 2015	108,405	108,405	10,842,674
Add Addition	228,000,000	228,000,000	115,000,000
Less Disposition	(208,108,405)	(208,108,405)	(125,735,212)
Unrealized gain from change in value	378	378	943
Balance as at 31 December 2015	20,000,378	20,000,378	108,405

The Company has temporary investment in open-end mutual fund which yields more return than general saving deposits. The said investment does not have any restriction for redemption. Temporary investments of the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

7. TRADE ACCOUNTS RECEIVABLE – NET

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Other parties	480,782,490	480,782,490	154,838,433
Related parties	815,661	815,661	2,985,557
Total	481,598,151	481,598,151	157,823,990
<u>Less</u> allowance for doubtful accounts	(11,160,809)	(11,160,809)	(8,665,044)
Net	470,437,342	470,437,342	149,158,946

The outstanding balance of trade accounts receivable as at 31 December 2015 and 2014 are classified by ages as follows:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
<u>Trade accounts receivable – general customers</u>			
Not yet due	327,561,193	327,561,193	77,634,281
Past due :			
Less than 3 months	128,095,466	128,095,466	60,586,260
3 – 6 months	9,298,178	9,298,178	3,398,756
6 – 12 months	4,645,444	4,645,444	4,554,092
Over 12 months	11,182,209	11,182,209	8,665,044
Total	480,782,490	480,782,490	154,838,433
<u>Less</u> Allowance for doubtful accounts	(11,160,809)	(11,160,809)	(8,665,044)
Net	469,621,681	469,621,681	146,173,389
<u>Trade accounts receivable – related companies</u>			
Not yet due	815,661	815,661	1,833,828
Past due :			
6 - 12 months			1,151,729
Total	815,661	815,661	2,985,557
Total	470,437,342	470,437,342	149,158,946

The normal credit term granted by the Company ranges from 30 days to 90 days.

The currency denomination of trade accounts receivable as at 31 December 2015 and 2014 are as follows:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
THB	457,823,508	457,823,508	119,714,345
USD	11,793,619	11,793,619	1,823,014
AUD	11,981,024	11,981,024	29,970,791
MYR	-	-	6,315,840
Total	481,598,151	481,598,151	157,823,990

8. RELATED PARTY TRANSACTIONS

The Company has certain business transactions with its related companies which are related through common shareholding and/or management. Such transactions are made under the conditions and terms of general trade practice with prices approximate the market.

The significant business transactions with related parties for the years ended 31 December 2015 and 2014 are as follow:

	Pricing Policy	(Unit : Baht)		
		Consolidated F/S	Separate F/S	
		2015	2015	2014
Sales of goods				
- Related company	Market prices	3,700,700	3,700,700	11,128,019
Selling and administrative expenses				
- Related company	Agreed price	42,000	336,663	42,500
<u>Key management personnel compensation</u>				
Current employment benefits		19,017,563	19,017,563	13,515,811
Post – employment benefits		152,585	152,585	128,340
Total		19,170,148	19,170,148	13,644,151

Significant balances with related parties as at 31 December 2015 and 2014, are as follows:

Relationship	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
<u>Trade accounts receivable - related companies</u>			
QTC – PANCO Co., Ltd.	Subsidiary	-	1,151,729
Q.T.C. Services Chiang Mai Co., Ltd.	Family member of a director	815,661	1,833,828
Total		815,661	2,985,557
<u>Amount due from subsidiary</u>			
QTC – PANCO Co., Ltd.	Subsidiary	731,280	-
<u>Accrued expenses – subsidiary</u>			
QTC – PANCO Co., Ltd.	Subsidiary	294,663	-
<u>Employee benefits obligation</u>			
Post – employment benefits – key management		1,448,760	729,498

9. INVENTORIES – NET

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Raw materials	80,629,361	80,629,361	59,663,683
Work in process	7,501,596	7,501,596	11,269,825
Finished goods	61,108,350	61,108,350	60,752,644
Goods in transit	10,506,940	10,506,940	8,041,685
Total	159,746,247	159,746,247	139,727,837
<u>Less</u> Allowance for obsolete and decline value of inventories	(4,468,355)	(4,468,355)	(3,441,675)
Inventories – net	155,277,892	155,277,892	136,286,162
Inventories recognized as an expense in cost of sales of goods :			
- Cost of goods sold	923,739,581	923,739,581	565,224,979
- Write-down to net realizable value	4,147,223	4,147,223	3,099,282
- Reversal of write-down	(3,120,543)	(3,120,543)	(3,182,360)
Net	924,766,261	924,766,261	565,141,901

The Company has movements in allowance for obsolete and decline value of inventories for the year ended 31 December 2015 and 2014 as follows :

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Balance as at 1 January	3,441,675	3,441,675	3,524,753
Write-down to net realizable value	4,147,223	4,147,223	3,099,282
Reversal of write-down	(3,120,543)	(3,120,543)	(3,182,360)
Balance as at 31 December	4,468,355	4,468,355	3,441,675

10. RESTRICTED DEPOSITS WITH BANK

As at 31 December 2014, the Company's saving deposit of Baht 0.77 million is restricted for usage from the pledge as collaterals for letters of guarantee issued by a local bank for performance bond.

11. INVESTMENT IN SUBSIDIARY

Company	Type of business	Paid-up share capital (Thousand Baht)		Percentage of shareholding		Separate F/S (Cost method) (Thousand Baht)	
		2015	2014	2015	2014	2015	2014
QTC – Panco Co., Ltd.	Distributing electric transformer	21,947	-	85	-	18,655	-

During the year 2013, the management of the Company entered into a joint venture agreement with Panco Co., Ltd., a company incorporated in Lao People's Democratic Republic, to set up QTC – Panco Co., Ltd. in Lao People's Democratic Republic, with total share capital of LAK 5,104.00 million (equivalent to approximately Baht 21.95 million). On 19 March 2015, the Company paid for the investment in QTC – Panco Co., Ltd. for 85% of share capital for Baht 18.66 million, and received the transfer of shares of QTC – Panco Co., Ltd. from the Company's management. The Company therefore, prepared the consolidated financial statements for the year 2015 for the first time.

12. NON – CONTROLLING INTEREST

The following table summarises the information relating to the Company's subsidiary as at 31 December 2015.

	(Unit : Baht)
	Consolidated and Separate F/S
Non-controlling interest percentage	15%
Current assets	18,652,248
Non-current assets	3,368,640
Current liabilities	1,308,698
Non-current liabilities	-
Net assets	20,712,190
Carrying amount of non-controlling interest	3,039,690
Other income	7,856
Administrative expenses	(1,690,457)
Loss for the year	(1,682,601)
Other comprehensive income	-
Total comprehensive income	(1,682,601)
Loss allocated to non-controlling interest	(252,390)
Other comprehensive income allocated to non-controlling interest	-
Net cash used in operating activities	(263,780)
Net cash used in investing activities	(3,368,640)
Net cash provided from financing activities	21,947,220
Net increase in cash and cash equivalents	18,314,780

13. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Baht)

	Consolidated F/S						
	Land	Building and factories	Machinery and factory equipment	Furniture and office equipment	Vehicle	Machinery and equipment under installation	Total
<u>Cost</u>							
1 January 2015	33,216,054	158,663,412	231,972,392	40,007,718	30,604,532	1,120,978	495,585,086
Acquisitions	252,000	2,611,744	7,539,750	1,475,585	5,650,996	3,860,110	21,390,185
Disposals	-	(38,875)	(1,593,050)	(835,642)	(2,650,953)	-	(5,118,520)
Transfer in / (out)	108,000	1,121,495	2,965,566	37,450	59,596	(4,292,107)	-
Translation adjustment	-	-	121,220	-	-	-	121,220
31 December 2015	33,576,054	162,357,776	241,005,878	40,685,111	33,664,171	688,981	511,977,971
<u>Accumulated depreciation</u>							
1 January 2015	-	38,668,530	90,371,243	24,164,961	18,956,345	-	172,161,079
Depreciation for the year	-	9,203,843	20,118,047	5,478,147	4,356,410	-	39,156,447
Depreciation for disposals	-	(5,854)	(1,213,299)	(733,745)	(2,650,949)	-	(4,603,847)
Translation adjustment	-	-	-	-	-	-	-
31 December 2015	-	47,866,519	109,275,991	28,909,363	20,661,806	-	206,713,679
<u>Net book value</u>							
31 December 2015	33,576,054	114,491,257	131,729,887	11,775,748	13,002,365	688,981	305,264,292
Depreciation for the year 2015							
Cost							25,032,095
Administrative							14,124,352
							39,156,447

The gross amount of the Company's fully depreciated property, plant and equipment, that are still in use as at 31 December 2015, amounted to Baht 82.53 million (2014 : Baht 75.63 million).

Security

At 31 December 2015 the Company's properties with a net book value of Baht 153.69 million have been mortgaged as collateral for credit facilities (see note 15).

(Unit : Baht)

Separate F/S

	Land	Building and factories	Machinery and factory equipment	Furniture and office equipment	Vehicle	Machinery and equipment under installation	Total
<u>Cost</u>							
1 January 2014	33,893,371	154,556,416	193,895,018	34,780,624	27,925,022	29,551,083	474,601,534
Acquisitions	-	3,841,650	6,566,907	5,485,422	3,154,000	29,835,779	48,883,758
Disposals	(677,317)	(826,408)	(24,981,583)	(940,408)	(474,490)	-	(27,900,206)
Transfer in / (out)	-	1,091,754	56,492,050	682,080	-	(58,265,884)	-
31 December 2014	33,216,054	158,663,412	231,972,392	40,007,718	30,604,532	1,120,978	495,585,086
Acquisitions	252,000	2,611,744	7,660,970	1,475,585	5,650,996	3,860,110	21,511,405
Disposals	-	(38,875)	(1,593,050)	(835,642)	(2,650,953)	-	(5,118,520)
Transfer in / (out)	108,000	1,121,495	2,965,566	37,450	59,596	(4,292,107)	-
31 December 2015	33,576,054	162,357,776	241,005,878	40,685,111	33,664,171	688,981	511,977,971
<u>Accumulated depreciation</u>							
1 January 2014	-	30,036,651	95,675,755	19,464,690	15,254,185	-	160,431,281
Depreciation for the year	-	9,053,534	18,225,250	5,470,143	4,176,650	-	36,925,577
Depreciation for disposals	-	(421,655)	(23,529,762)	(769,872)	(474,490)	-	(25,195,779)
31 December 2014	-	38,668,530	90,371,243	24,164,961	18,956,345	-	172,161,079
Depreciation for the year	-	9,203,843	20,118,047	5,478,147	4,356,410	-	39,156,447
Depreciation for disposals	-	(5,854)	(1,213,299)	(733,745)	(2,650,949)	-	(4,603,847)
31 December 2015	-	47,866,519	109,275,991	28,909,363	20,661,806	-	206,713,679
<u>Net book value</u>							
31 December 2014	33,216,054	119,994,882	141,601,149	15,842,757	11,648,187	1,120,978	323,424,007
31 December 2015	33,576,054	114,491,257	131,729,887	11,775,748	13,002,365	688,981	305,264,292
<u>Depreciation for the year 2014</u>							
Cost							23,420,699
Administrative							13,504,878
Total							36,925,577
<u>Depreciation for the year 2015</u>							
Cost							25,032,095
Administrative							14,124,352
Total							39,156,447

The gross amount of the Company's fully depreciated property, plant and equipment that are still in use as at 31 December 2015, amounted to Baht 82.53 million (2014: Baht 75.63 million).

Security

At 31 December 2015 the Company's properties with a net book value of Baht 153.69 million (2014: Baht 149.65 million) have been mortgaged as collateral for credit facilities (see note 15).

14. COMPUTER SOFTWARE – NET

	(Unit : Baht)
	Consolidated and Separate F/S
Cost	
At 1 January 2014	10,077,186
Acquisitions	1,645,950
Disposals	(36,216)
At 31 December 2014	11,686,920
Acquisitions	2,889,949
Disposals	(29,729)
At 31 December 2015	14,547,140
Amortisation and impairment losses	
At 1 January 2014	(8,436,869)
Amortisation for the year (administrative expenses)	(1,174,502)
Amortisation for disposals	36,211
At 31 December 2014	(9,575,160)
Amortisation for the year (administrative expenses)	(867,067)
Amortisation for disposals	29,723
At 31 December 2015	(10,412,504)
Net book value	
At 31 December 2014	2,111,760
At 31 December 2015	4,134,636

15. INTEREST – BEARING LIABILITIES

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Current			
Short - term loan from bank			
Liabilities under trust receipt agreements (secured)	65,117,086	65,117,086	31,675,216
Promissory note (secured)	150,000,000	150,000,000	35,000,000
Total	215,117,086	215,117,086	66,675,216
Current portion of long-term loan from bank (secured)	18,075,400	18,075,400	24,679,459
Current portion of liabilities under finance lease agreement (unsecured)	4,060,303	4,060,303	3,626,927
Total current interest - bearing liabilities	22,135,703	22,135,703	28,306,386
Non - Current			
Long - term loan from bank (secured)	750,000	750,000	19,515,400
Liabilities under finance lease agreement (unsecured)	5,487,634	5,487,634	3,554,767
Total non-current interest - bearing liabilities	6,237,634	6,237,634	23,070,167

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December are as follows:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Within one year	22,135,703	22,135,703	28,306,386
After one year but within five years	6,237,634	6,237,634	23,070,167
Total	28,373,337	28,373,337	52,013,553

These loans are repayable approximately Baht 1.96 million per month. These loans are collateralized by the mortgages of Company's land and construction thereon, and part of machinery as mentioned in Note 13.

Secured interest-bearing liabilities as at 31 December are secured by the following assets:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Land and construction thereon, and machineries	153.69	153.69	149.65

As at 31 December 2015 the Company had unutilised credit facilities of Baht 1,939.40 million (2014: Baht 2,220.59 million).

Finance lease liabilities

Finance lease liabilities as at 31 December are payable as follows:

	(Unit : Baht)		
	Consolidated F/S		
	2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	4,494,448	(434,145)	4,060,303
After one year but within five years	5,854,368	(366,734)	5,487,634
Total	10,348,816	(800,879)	9,547,937

	(Unit : Baht)					
	Separate F/S					
	2015			2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	4,494,448	(434,145)	4,060,303	3,892,833	(265,906)	3,626,927
After one year but within five years	5,854,368	(366,734)	5,487,634	3,701,808	(147,041)	3,554,767
Total	10,348,816	(800,879)	9,547,937	7,594,641	(412,947)	7,181,694

Interest-bearing liabilities of the Company as at 31 December 2015 and 2014 are denominated entirely in Thai Baht.

16. TRADE ACCOUNTS PAYABLE

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Other parties	164,556,624	164,556,624	66,167,347

The currencies denomination of trade accounts payable as at 31 December are as follows:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
THB	155,662,400	155,662,400	62,224,504
USD	6,411,738	6,411,738	3,768,126
Other	2,482,486	2,482,486	174,717
Total	164,556,624	164,556,624	66,167,347

17. INCOME TAX

The movements in deferred income tax assets / liabilities are as follows:

	(Unit : Baht)		
	Consolidated F/S		
	(charged) / credit to		
	1 January 2015	Profit or loss Other comprehensive income	31 December 2015
Deferred income tax assets from			
From allowance for doubtful accounts	1,733,009	499,153	2,232,162
From allowance for obsolete and decline value of inventories	688,335	205,336	893,671
From accumulated depreciation for plant and equipment	231,749	(11,746)	220,003
From provision for warranty expenses	803,049	365,373	1,168,422
From employee benefits obligation	513,514	106,244	884,901
Total	3,969,656	1,164,360	5,399,159
Deferred income tax liability from			
From liabilities under finance lease agreements	526,703	(22,509)	504,193
From translation adjustment		89,408	89,409
Total	526,703	(22,509)	593,602
Deferred tax assets - net	3,442,953	1,186,869	4,805,557

(Unit : Baht)

	Separate F/S		
	(charged) /credit to		
	1 January 2015	Profit or loss Other comprehensive income	31 December 2015
Deferred income tax assets from			
From allowance for doubtful accounts	1,733,009	499,153	2,232,162
From allowance for obsolete and decline value of inventories	688,335	205,336	893,671
From accumulated depreciation for plant and equipment	231,749	(11,746)	220,003
From provision for warranty expenses	803,049	365,373	1,168,422
From employee benefits obligation	513,514	106,244	884,901
Total	3,969,656	1,164,360	5,399,159
Deferred income tax liability from			
From liabilities under finance lease agreements	526,703	(22,509)	504,194
Total	526,703	(22,509)	504,194
Deferred tax assets - net	3,442,953	1,186,869	4,894,965

(Unit : Baht)

	Separate F/S		
	(charged) /credit to		
	1 January 2014	Profit or loss Other comprehensive income	31 December 2014
Deferred income tax assets from			
From allowance for doubtful accounts	1,091,707	641,302	1,733,009
From allowance for obsolete and decline value of inventories	704,951	(16,616)	688,335
From accumulated depreciation for plant and equipment	243,495	(11,746)	231,749
From provision for warranty expenses	878,809	(75,760)	803,049
From employee benefits obligation	485,711	(120,136)	513,514
Total	3,404,673	417,044	3,969,656
Deferred income tax liability from			
From liabilities under finance lease agreements	859,563	(332,860)	526,703
Total	859,563	(332,860)	526,703
Deferred tax assets - net	2,545,110	749,904	3,442,953

Income tax recognised in profit or loss

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Current tax expense			
Current year	32,329,834	32,329,834	15,291,883
Deferred tax expense			
Movements in temporary differences	(1,186,869)	(1,186,869)	(749,904)
Total income tax expense	31,142,965	31,142,965	14,541,979

Income tax recognised in other comprehensive income

	(Unit : Baht)		
	Consolidated F/S		
	2014		
	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	447,038	(89,408)	357,630
Defined benefit plan actuarial gains (losses)	1,325,714	(265,143)	1,060,571
Total	1,772,752	(354,551)	1,418,201

	(Unit : Baht)					
	Separate F/S					
	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	1,325,714	(265,143)	1,060,571	739,695	(147,939)	591,756

Reconciliation of effective tax rate

	Consolidated F/S	
	2015	
	Rate (%)	(Baht)
Profit before income tax expense		149,693,410
Income tax using the Thai corporation tax rate	20%	29,938,682
Expenses not deductible for tax purposes		867,763
Current year losses for which no deferred tax asset was recognized (for subsidiary)		336,520
Total		31,142,965

	Separate F/S			
	2015		2014	
	Rate (%)	(Baht)	Rate (%)	(Baht)
Profit before income tax expense		151,376,010		69,837,047
Income tax using the Thai corporation tax rate	20%	30,275,202	20%	13,967,409
Expenses not deductible for tax purposes		867,763		574,570
Total		31,142,965		14,541,979

18. ACCRUED EXPENSES

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Accrued director and management remuneration	9,750,000	9,750,000	4,750,000
Accrued transportation	4,463,437	4,463,437	1,818,806
Accrued export expenses	365,317	365,317	1,830,136
Accrued commission	6,585,498	6,585,498	803,410
Others	3,789,315	3,462,837	3,172,265
Total	24,953,567	24,627,089	12,374,617

19. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Statement of financial position obligations for:			
Post-employment benefits	4,276,567	4,276,567	2,567,572
Statement of comprehensive income:			
<i>Recognised in profit or loss:</i>			
Post-employment benefits	383,280	383,280	1,373,403
<i>Recognised in other comprehensive income:</i>			
Actuarial losses recognised in the year	1,325,714	1,325,714	739,695

The Company had established a defined benefit pension plan under the Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movements in the present value of the defined benefit obligations.

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Beginning balance as at 1 January	2,567,573	2,567,573	2,428,554
Recognised in profit or loss			
- Current service costs	269,095	269,095	1,252,395
- Interest on obligation	114,185	114,185	121,008
Recognised in other comprehensive income			
- Actuarial loss	1,325,714	1,325,714	739,695
Benefits paid	-	-	(1,974,080)
Balance as at 31 December	4,276,567	4,276,567	2,567,572

Actuarial gains and losses recognised in other comprehensive income arose from:

	(Unit : Baht)		
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Demographic assumptions	315,074	315,074	175,752
Financial assumptions	401,161	401,161	223,831
Experience adjustment	609,479	609,479	340,112
Total	1,325,714	1,325,714	739,695

Actuarial assumptions

The following are principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2015	2014
Discount rate	4.04 percent per annum	4.97 percent per annum
Future salary average increment rate	7.37 percent per annum	7.78 percent per annum
Normal retirement age	60 years	60 years
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008

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.

	(Unit : Baht)
	Effect to the defined benefit obligation
	Consolidated and Separate F/S
Discount rate (0.5% increment)	(246,227)
Discount rate (0.5% decrement)	269,462
Future salary growth (0.5% increment)	250,835
Future salary growth (0.5% decrement)	(231,668)

20. LEGAL RESERVE

Pursuant to the Public Limited Companies Act. B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit for the year net of deficit (if any), until the reserve reaches 10 percent of the registered capital. This reserve shall not be distributable for dividends.

21. DIVIDEND PAYMENT

At the Annual General Meeting of Shareholders for the year 2015 held on 21 April 2015, the shareholders passed a resolution to approved the dividend payment from the net profit for the year ended 31 December 2014 to shareholders at Baht 0.18 per share for 200,000,000 common shares, totaling Baht 36 million. The dividend was paid on 15 May 2018.

At the Annual General Meeting of Shareholders for the year 2014 held on 22 April 2014, the Board passed a resolution to approved the appropriation for dividend payment from the net profit for the year ended 31 December 2013 to shareholders at Baht 0.21 per share for 200,000,000 common shares, totaling Baht 42 million. The dividend was paid on 15 May 2014.

22. PROVIDENT FUND

The Company and staff have established a contributory Provident Fund. This Provident Fund has already been registered under the Provident Fund Act, B.E. 2530. Under the Fund plan, staff has to contribute to the fund at the specific rate and will be entitled to receive the fund when staff is no longer member in accordance with regulation of the fund. The Company's contribution to the Fund for the years 2015, amounted to Baht 1.61 million (2014 : Baht 1.44 million).

23. EXPENSES BY NATURE

Significant expenses by nature for the for the years ended 31 December 2015 and 2014 are as follows :

		(Unit : Baht)	
	Consolidated F/S	Separate F/S	
	2015	2015	2014
Raw materials and supplies used	782,610,327	782,610,327	467,844,530
Changes in finished goods and work in process	3,412,522	3,412,522	14,905,728
Purchasing of finished goods	-	-	110,000
Salaries, wages and other employee benefits	113,077,120	112,866,733	87,186,035
Depreciation and amortization	40,023,514	40,023,514	38,100,079
Repair and maintenance expenses	9,159,110	9,159,110	14,222,579
Transportation expense	12,408,214	12,408,214	10,211,880
Warranty expenses	8,419,996	8,419,996	6,775,677
Commission and sales promotion	12,944,714	12,944,714	5,682,160
Others	94,926,165	93,453,952	46,051,199
Total	1,076,981,682	1,075,299,082	691,089,867

24. FORWARD FOREIGN EXCHANGE CONTRACTS

The Company does not have any policy to use derivative financial instrument for speculation or commercial use. Forward foreign exchange contracts are made to manage exposure for fluctuation in foreign currency exchange rates on specific transactions.

As at 31 December 2015, the Company has open forward contracts for repayment of accounts payable which settlement dates are ranging between 1 month and 6 months as follows:

	Foreign currencies	Contracts rates
USD	1,467,845	35.60 - 36.59
AUD	293,753	25.62 - 25.94

25. SEGMENT REPORTING

The Company business operations categorized by geophysical for the years ended 31 December 2015 and 2014 are as follows:

(Unit : Thousand Baht)

Consolidated F/S				
For the year ended 31 December 2015				
	Domestic	Export	Eliminated	Total
<u>Revenue from sales</u>				
Revenues from external customers	1,088,682	120,884	-	1,209,566
Cost of sales	(836,458)	(88,308)	-	(924,766)
Gross profit	255,224	32,576	-	284,800
Revenues from service	12,032	7,598	-	19,630
Cost of sales	(10,960)	(682)	-	(11,642)
Gross profit	1,072	6,916	-	7,988
Interest expense				(8,768)
Depreciation and amortization expenses				(40,023)
Income before income tax				149,693
Total assets				1,068,953

(Unit : Thousand Baht)

Separate F/S					
For the years ended 31 December					
	Domestic		Export		Total
	2015	2014	2015	2014	
<u>Revenue from sales</u>					
Revenues from external customers	1,088,682	555,437	120,884	188,389	1,209,566
Cost of sales	(836,458)	(422,528)	(88,308)	(142,614)	(924,766)
Gross profit	252,224	132,909	32,576	45,775	284,800
Revenues from service	12,032	16,676	7,598	-	19,630
Cost of sales	(10,960)	(15,011)	(682)	-	(11,642)
Gross profit	1,072	1,665	6,916	-	7,988
Interest expense					(8,768)
Depreciation and amortization expenses					(40,023)
Income before income tax					151,376
Total assets					1,066,703

Major Customer

For the years ended 31 December 2015 and 2014, the Company's major revenues arose from sales to private companies and Government enterprises amounted to Baht 404 million and Baht 119 million, respectively.

26. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Company has obligations under a domestic bank guarantees for performance bonds required in the normal course of businesses approximately Baht 119 million. Such letters of guarantee are covered by the mortgages of the Company's land and construction thereon, and machines as disclosed in Note 13.

27. FINANCIAL INSTRUMENTS

Foreign Currency Risk

The Company has exposure for foreign currency risk relating primarily to its trade accounts receivable and accounts payable and loans from banks which are denominated in foreign currencies. The Company entered into the forward exchange contracts when it considers necessary to reduce exposure on foreign currency risk.

As at 31 December 2015, the Company and subsidiary have assets and liabilities in foreign currencies as follows:

(Unit : Baht)			
Consolidated F/S			
31 December 2015			
	Foreign currencies	Exchange rate (Closing rate)	Baht equivalent
<u>Cash at bank</u>			
LAK	4,162,450,048	0.0044	18,314,780
AUD	34.33	25.8990	88,765
<u>Trade accounts receivable in foreign currencies</u>			
AUD	462,605	25.8990	11,981,025
USD	328,300	35.9233	11,793,619
<u>Trade accounts payable in foreign currencies</u>			
USD	178,857	36.2538	6,411,738
EUR	62,375	39.7995	2,482,486

(Unit : Baht)

Consolidated F/S			
31 December 2015			
	Foreign currencies	Exchange rate (Closing rate)	Baht equivalent
<u>Accrued expenses in foreign currencies</u>			
LAK	67,094,855	0.0044	295,217
<u>Short – term loans from bank in foreign currency</u>			
USD	1,796,145	36.2538	65,117,082

(Unit : Baht)

Separate F/S			
31 December 2015			
	Foreign currencies	Exchange rate (Closing rate)	Baht equivalent
<u>Trade accounts receivable in foreign currencies</u>			
AUD	462,605	25.8990	11,981,025
USD	328,300	35.9233	11,793,619
<u>Trade accounts payable in foreign currencies</u>			
USD	176,857	36.2538	6,411,738
EUR	62,375	39.7995	2,482,486
<u>Short – term loans from bank in foreign currency</u>			
USD	1,796,145	36.2538	65,117,082

Credit Risk

The Company provides credit term on its trade transactions. The Company manages its exposure to credit risk by closely monitoring collection of accounts receivable and focuses on overdue accounts. In the case of doubt about the collection of accounts receivable, the Company provides allowance in the accounts as deemed necessary.

Interest Rate Risk

The interest rate risk is that future movements in market interest rates that will affect the results of the Company operations and its cash flows. The Company's exposure to interest rate risk relates primarily to their deposits with bank, loans from bank and liabilities under hire - purchase agreements as follows :

(Unit : Baht)

	Consolidated F/S				
	2015				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	88,002,273	-	5,556,830	93,559,103	0.75% - 0.875%
Temporary investment	20,000,378	-	-	20,000,378	-
Trade accounts receivable	-	-	470,437,342	470,437,342	-
Short - term loans from bank	215,117,086	-	-	215,117,086	2.33% - 2.66%
Trade accounts payable and other payable	-	-	169,771,775	169,771,775	-
Long - term loans from bank	18,825,400	-	-	18,825,400	5.525% - 7.00%
Liabilities under hire - purchase agreements	-	9,547,937	-	9,547,937	2.40% - 4.00%

(Unit : Baht)

	Separate F/S				
	2015				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	69,694,599	-	5,549,724	75,244,323	0.75% - 0.875%
Temporary investment	20,000,378	-	-	20,000,378	-
Trade accounts receivable	-	-	470,437,342	470,437,342	-
Short - term loans from bank	215,117,086	-	-	215,117,086	2.33% - 2.66%
Trade accounts payable and other payable	-	-	169,771,775	169,771,775	-
Long - term loans from bank	18,825,400	-	-	18,825,400	5.525% - 7.00%
Liabilities under hire - purchase agreements	-	9,547,937	-	9,547,937	2.40% - 4.00%

(Unit : Baht)

	Separate F/S				
	2014				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	80,316,714	-	5,918,912	86,235,626	0.1250 - 2.70%
Temporary investment	108,405	-	-	108,405	-
Trade accounts receivable	-	-	149,158,946	149,158,946	-
Short - term loans from bank	66,675,216	-	-	66,675,216	2.328 - 7.40%
Trade accounts payable and other payable	-	-	69,212,651	69,212,651	-
Long - term loans from bank	44,194,859	-	-	44,194,859	5.50 - 6.75%
Liabilities under hire - purchase agreements	-	7,181,694	-	7,181,694	0.38 - 0.59 %

As of 31 December 2015 and 2014, the financial instrument classified by the periods of time from the date on the statements of financial position to their maturity dates are as follows :

(Unit : Baht)

	Consolidated F/S			
	2015			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	93,559,103	-	-	93,559,103
Temporary investment	20,000,378	-	-	20,000,378
Trade accounts receivable	470,437,342	-	-	470,437,342
Short - term loans from bank	215,117,086	-	-	215,117,086
Trade accounts payable and other payable	169,771,775	-	-	169,771,775
Long - term loans from bank	-	17,675,400	1,150,000	18,825,400
Liabilities under hire - purchase agreements	-	4,060,303	5,487,634	9,547,937

(Unit : Baht)

	Separate F/S			
	2015			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	75,244,323	-	-	75,244,323
Temporary investment	20,000,378	-	-	20,000,378
Trade accounts receivable	470,437,342	-	-	470,437,342
Short - term loans from bank	215,117,086	-	-	215,117,086
Trade accounts payable and other payable	169,771,775	-	-	169,771,775
Long - term loans from bank	-	17,675,400	1,150,000	18,825,400
Liabilities under hire - purchase agreements	-	4,060,303	5,487,634	9,547,937

(Unit : Baht)

	Separate F/S			
	2014			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	86,235,626	-	-	86,235,626
Temporary investment	108,405	-	-	108,405
Trade accounts receivable	149,158,946	-	-	149,158,946
Short - term loans from bank	66,675,216	-	-	66,675,216
Trade accounts payable and other payable	69,212,651	-	-	69,212,651
Long - term loans from bank	-	24,679,459	19,515,400	44,194,859
Liabilities under hire - purchase agreements	-	3,626,927	3,554,767	7,181,694

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of each class of the Company's financial instruments.

- Financial assets are shown at estimated fair value.

The Company determines Level 1 fair values for financial assets such as cash and cash equivalents, temporary investment, and trade accounts receivable.

- Financial liabilities are shown at the book value which is considered fair value because such liabilities will be matured in short term.

The Company determines Level 1 fair values for financial liabilities such as trade accounts and other accounts payable.

The Company determines Level 2 fair values for financial liabilities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate, such as short-term and long-term loans from banks, liabilities under financial lease agreement, and liabilities under employee benefits obligation

28. EVENT AFTER THE REPORTING PERIOD

At the meeting on 4 February 2016, the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.32 per share to the common shareholders, from operating result for the year ended 31 December 2015. The dividend payments must be approved at the Annual General Meeting of the Company's shareholders.



QTC ENERGY PCL.

คุณภาพแห่งความปรารถนา

QUALITY OF DETAILS >>

D - DYNAMICS E - ENVIRONMENT
T - TEAMWORK A - ACHIEVEMENT
I - INNOVATION L - LEADERSHIP S - SERVICE

QTC Energy Public Company Limited

2/2 Soi Krungthep kritha 8 (5).,

Krungthep Rd., Huamark Bangkok, Bangkok 10240

Tel : 0-2379-3089-92 Fax : 0-2379-3099