

Vision

We aim to develop the telecommunication infrastructure to accommodate the customer for using high-speed internet with the best quality and service in Thailand.

Mission

- To expand the capability of the fiber optic network in Nakornratchasima, Chiangmai, Khonkaen and Bangkok Metropolitan to accommodate the consumer to use the hi-speed internet service with best quality and stability and to expand the network to service in other provinces
- To develop the software “Cloud Solution” to provide service for the Transport and Logistic business and other businesses such as service business
- To downsize the IT solution segment to meet the optimum level and maintain good margin customer and expand business to project base for both private and government sector.
- To develop the label product to become high quality and meet specific qualification required by customer in manufacturing smart phone, electric appliance and electronic business
- To expand to the relevant business by merger and acquisition

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General Information

Company

Name	Simat Technologies Public Company Limited
Nature of business	1. To provide total solution of Information Technologies services 2. To provide broadband internet services
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as public Company on 18 July 2006 Register no. 0107549000122 Listed in the Stock Exchange of Thailand (MAI) on 12 December 2007
Paid-up share capital	Baht 395,742,431 (395,742,431 common shares at par value of Baht 1 each) Share registered: 477,234,076 common shares
Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Tel : (66) 0 20099999 Fax : (66) 0 20099991
Auditor	Mr. Sathien Vongsanan, CPA license no. 3495 or Mr. Atipong Atipongsakul, CPA license no. 3500 or Mr. Vichai Ruchitanont, CPA license no. 4054 ANS Audit Co., Ltd. No. 100/31-32, 16 th floor, 100/2 Vongvanich Bldg. Tower B, Rama 9 road, Huaykwang, Bangkok 10310 Tel : (66) 0 2645 0109 Fax : (66) 0 2645 0110
Investor relation coordinator	Mr. Thammanoon Korkiatwanich Mr. Roengsak Sae-Eung Tel : (66) 0 2326 0999 ext. 1211, 1213 Fax : (66) 0 2326 1014
Company website	www.simat.co.th

Subsidiary companies

Name	Simat Soft Company Limited
Nature of business	Develop program computer
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 31 August 2006 Register no. 0105549104791
Paid-up share capital	Baht 3,000,000 (300,000 common shares at par value of Baht 10 each) Share registered: 300,000 shares
% of share holding by Company	100%
Name	Simat Label Company Limited
Nature of business	To provide services of design, develop and conversion of printed objects with glue for customer in manufacturers of electric appliance and electronics with provision and development of specific raw materials and design of production process to meet the specific requirements of the customer need
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 9 April 2008 Register no. 0105551041025
Paid-up share capital	Baht 34,000,000 (3,400,000 common shares at par value of Baht 10 each) Share registered: 3,400,000 common shares
% of share holding by Company	86%
Name	Simat Telecom Company limited (Formerly "E-Tech Distribution")
Nature of business	To provide maintenance services of fiber optic network
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 13 March 2009 Register no. 0105552026640
Paid-up share capital	Baht 5,000,000 (500,000 common shares at par value of Baht 10 each) Share registered: 500,000 shares
% of share holding by Company	100%

Subsidiary companies

Name	E-Tech IT Sdn., Bhd. (Malaysia)
Nature of business	Wholesale of computer equipments including computer, notebook, printer and others with big project sales such as government or multinational companies in Malaysia. Sales is done directly or through System Integrator or SI
Office address	No.15, Jalan Astaka, U8/83 Bukit Jelutong Industrial Park Bukit Jelutong, 40150 Shah Alam, Selangor, Malaysia Tel : (603) 78462338 Fax : (603) 78466328
Registration date	Registered as Company limited in 1997 Register no. 425254-X
Paid-up share capital	Ringgit 6,000,000 (6,000,000 common shares at par value of Ringgit 1 each) Share registered: 10,000,000 common shares
% of share holding by Company	60%

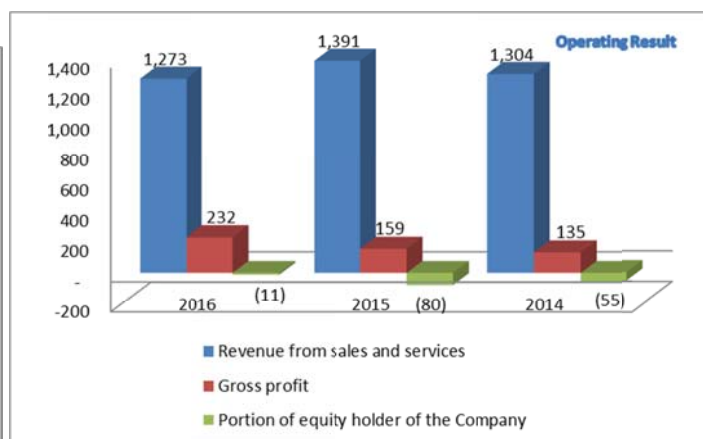
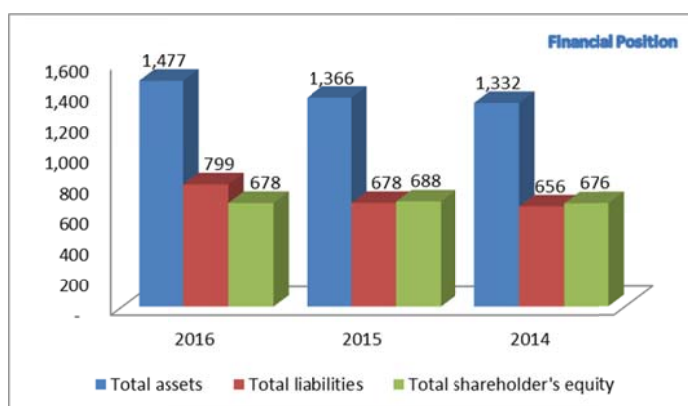
Associate companies

Name	Sino Trading and Services Corporation
Nature of business	Provides of hardware and maintenance services
Office address	No. 27, Dang Tat street, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam Tel : +84-8-38482619 Fax : +84-8-38437064
Registration number	4103012126
Paid-up share capital	VND 6,300,000,000 (630,000 common shares at par value of VND 10,000 each)
% of share holding by Company	40%

Name	Visun Technologies And Investment Joint Stock Company
Nature of business	Sales of hardware and maintenance service
Office address	No. 26, 266 Le Thanh Nghi Street, Dong Tam Ward, Hai Ba Trung District, Ha Noi City, Vietnam Tel : +84-4-39449096 or +84-4-39447569 Fax : +84-4-39448107
Registration number	0102552472
Paid-up share capital	VND 400,000,000 (40,000 common shares at par value of VND 10,000 each)
% of share holding by associate company	50% by Sino Trading and Services Corporation

Financial Highlights

Consolidated Financial Statements	2016	2015	2014
Unit : Baht Million			
Revenues from sales and services	1,273	1,391	1,304
Gross profit	232	159	135
Net profit	-11	-80	-55
Total assets	1,477	1,366	1,332
Shareholders' equity	678	688	676
Unit : Baht			
Par value	1.00	1.00	1.00
Earnings per share	-0.01	-0.21	-0.16
Dividends per share	-	-	-
Total assets per share	3.73	3.47	3.59
Shareholders' equity per share	1.71	1.75	1.82
Financial ratio			
Net profit margin	0%	-5%	-4%
Gross profit margin	18%	11%	10%
Net profit / Total assets	-1%	-6%	-4%
Net profit / Shareholders' equity	-2%	-12%	-8%
Debt / Equity	118%	99%	97%



Report from Board of Directors

In 2016, Thai economy grew by 3.2 percent, improving from 2.9 percent in 2015. Private consumption, public and private investment expanded by 3.1, 9.9, and 0.4 percent respectively. Export value was null with 0.0 growth. Meanwhile, the inflation rate was 0.2 percent and the current account registered a surplus of 11.4 percent to GDP.

The company's operating performance in 2016 was loss of Baht 11.0 million while the net loss for the prior year was Baht 75.8 million. The overall operating result for the year 2016 has been significantly improved from the prior year about Baht 69.3 million or 86% due to the high increase in profit of Label Business of subsidiary company (86% shareholding) amounting to Baht 40.4 million or 190% from the double increase of purchase order of the smart phone customer group and the decrease in net loss of the Company's business including IT business and Broadband Internet business.

However, the Company's overall business trend in 2017 will be improved as the broadband internet segment will be able to reach the break-even point in term of net profit within year 2017. In addition, the Label business segment will grow continuously from prior year. While, the IT Solution segment shall generate profit after the Company has the sale and implementation of ERP system with government project. The Company expects that the operating result will be profit and continuously grows as the accumulated internet subscribers increases.

In 2017, the Company and its employees will dedicate to work hard to achieve the target net profit and for the highest benefit of shareholders and stakeholders.

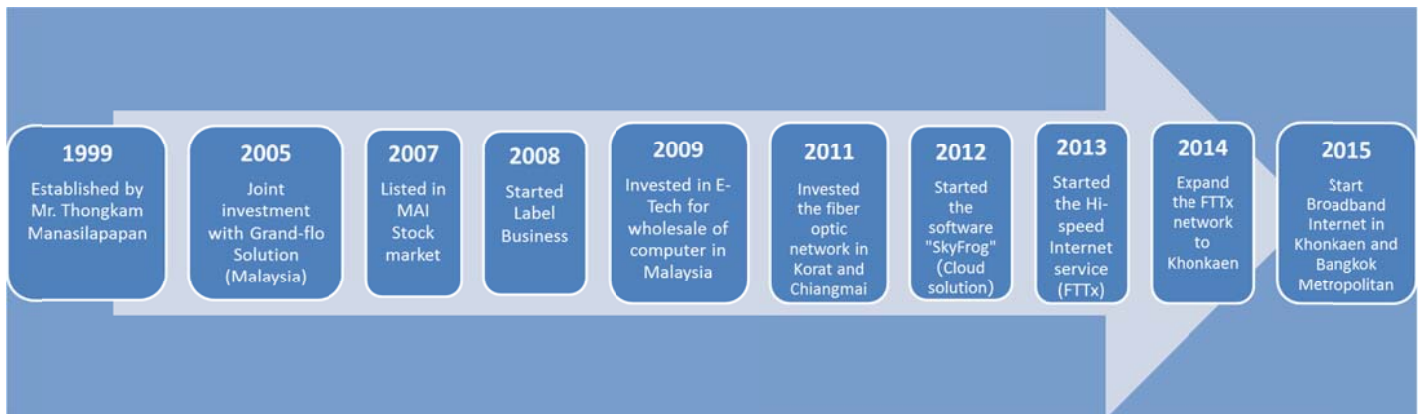


(Mr. Tan Bak Hong)
Chairman



(Mr. Thongkam Manasilapapan)
Chief Executive Officer

Significant Change and Development



In 1999, the Company is established by Mr. Thongkam Manasilapapan under the name "Simat Mobile Computer" which engages in sales of mobile computer business and then the business expands to become the Total Information Technology Solution Services under the name "Simat Technologies Public Company Limited".

In 2005, the Company expanded its business by having a strategic foreign partner, Grand-Flo Solution Berhad ("Grand-Flo"), a company which is involved in EDCCS information technology development business registered in the stock exchange of Malaysia (MASDAQ Market of Bursa Malaysia Berhad). Grand-Flo was supporting the Company providing cash flows to the Company and as well as providing technologies exchange which enhanced the pre-exist systems provided by the Company. This resulted in the tremendous growth of the Company.

In 2006, the Company established Simat Soft Company Limited ("Subsidiary") in which the Company holds 99.99 percent of its shares. It has transferred the entire software developing business to Simat Soft which had obtained privileges from the Board of Investment of Thailand (BOI) exempting it from corporate income tax from such business for 8 years because the Board of Investment of Thailand (BOI) in cooperation with the Software Industry Promotion Agency (SIPA) has a policy to promote software development for the government and private sectors to support the increase of information technology industry.

In 2007, the Company is listed in the MAI Stock Exchange.

In 2008, the Company established Simat Label Company Limited ("Subsidiary") in which the Company holds 86 percent of its shares at present. This subsidiary engages in business of manufacturing and sales of label products.

In 2008, the Company also expands its business to Vietnam by investing in Sino Trading and Services Corporation ("Associate") in which the Company holds 40% of its shares for expanding its market to Vietnam.

During the end of year 2009, the Company expanded its business in Malaysia by acquiring 60% of total shares or 2,400,000 shares of E-Tech IT Sdn., Bhd. This subsidiary engages in business of sales of computer hardware, software and accessories and IT support services in Malaysia and the major end customers are government sector.

In 2011, the Company expands its business into Telecommunication by investment in the Optical Fiber Network in the area of Nakornratchasima and Chiangmai Province.

In 2012, the Company developed the Cloud Solution Software for Transport and Logistic Business with copyright and under trademark “SKY FROG”.

The Company has just received the license of internet service type 3 from the office of the National Broadcasting and Telecommunications Commission. The license is No. NTC/MM/INT/III/001/2555 with the term of 10 years starting from 19 December 2012 to 18 December 2022.

In 2013, the Company expands to the broadband business to provide the Hi-Speed internet services through FTTx network for the city area of Nakhonratchasima and Chiangmai provinces under the brand “Si-net”.

In 2014, the Company expanded the FTTx network in the city area of Khonkaen and expects to provide hi-speed internet service in Khonkaen at the beginning of year 2015.

In 2015, the Company has started the High speed internet to area of Bangkok Metropolitan by cooperation with business partner, Symphony Communication Public Company Limited. In the initial phase, the Company will provide internet service to high building such as Condominium and Apartment.

Board of Directors



Mr. Tan Bak Hong

Chairman

Percentage of Shareholding: 18.17% indirectly through Grand-flo Solution Berhad

Authorized director who can sign on behalf of the Company according to the affidavit

Specialized experience: expert in EDCCS Technologies

Relationship among management: Brother of Mr. Tan Bak Leng

Participation in Board of Directors' meeting in year 2016: 4/5 times

Education:

- Bachelor of Engineering University of Malaya
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2004 – present	Chairman	Simat Technologies PCL.
2004 – present	Director	Grand-Flo System Pte.,Ltd.
2003 – present	Managing Director	Grand-Flo Berhad
1996 – present	Managing Director	Grand-Flo Electronic System Sdn, Bhd
2006 – present	Director	Grand-flo Spritvest
2006 – present	Director	Data Centrix
2007 – present	Director	Grand-flo RFID
2008 – present	Director	Group of Label Network
2008 – present	Director	Simat Label
2008 – present	Director	Group of CL Solution
2008 – present	Director	Sino and High Rich Trading & Service Corp.
2009 – present	Director	E-Tech IT Sdn., Bhd.
2009 – present	Director	Simat Telecom Co., Ltd.



Mr. Thongkam Manasilapapan

Deputy Chairman

Percentage of Shareholding: 13.18%

Authorized director who can sign on behalf of the Company according to the affidavit

Specialized experience: expert in EDCCS Technologies

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 5/5 times

Education:

- Bachelor of Engineering (Civil Engineering), South East Asia University
- Certificate of Managing Information System (Cert. MIS) University of California), USA
- Executive MBAs, Chulalongkorn University
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
1999 – present	Deputy Chairman / CEO	Simat Technologies PCL.
2006 – present	Director	Simat Soft Co., Ltd.
2005 – present	Director	Grand-Flo Solution Berhad
1995 – present	Director	S. Siri Transport Co., Ltd.
2008 – present	Director	Simat Label Co., Ltd.
2008 – present	Director	Sino Trading & Service Corp.
2009 – present	Director	E-Tech IT Sdn., Bhd.
2009 – present	Director	Simat Telecom Co., Ltd.



Mr. Tan Bak Leng

Director

Percentage of Shareholding: 0%

Authorized director who can sign on behalf of the Company according to the affidavit

Specialized experience: expert in EDCCS Technologies

Relationship among management: Brother of Mr. Tan Bak Hong

Participation in Board of Directors' meeting in year 2016: 4/5 times

Education:

- Diploma in Electronic Engineering French Singapore Institute
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2004 – present	Director	Simat Technologies PCL.
1996 – present	Director	Grand-Flo Electronic System Sdn,Bhd
2004 – 2011	Director	Grand-Flo Berhad



Mr. Tan Chuan Hock

Director

Percentage of Shareholding: 0%

Specialized experience: expert in finance and business acquisition

Relationship among management: None

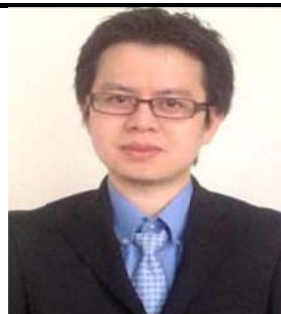
Participation in Board of Directors' meeting in year 2016: 4/5 times

Education:

- Member of Malaysian Institute of Accountant and Malaysian Institute of Taxation
- Member of Association of Chartered Certified Accountants ("ACCA")
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2004 – present	Director	Simat Technologies PCL.
2004 – present	Director	Grand-Flo Berhad



Mr. Natthawut Pinto

Director

Percentage of Shareholding: 2.85%

Specialized experience: expert in stock investment and investor relation

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 4/5 times

Education:

- Bachelor of Humanity in English Program, Chiangmai University

Work experience:

Period	Title	Name of / Company
2013 – present	Director	Simat Technologies PCL.
2004 - present	Investor	Independent Investor



Mr. Thammanoon Korkiatwanich

Director

Percentage of Shareholding: 0.30%

Authorized director who can sign on behalf of the Company according to the affidavit

Specialized experience: expert in accounting, finance and financial audit

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 5/5 times

Education:

- BBA (Accounting), Assumption University
- MBA, National Institute of Development Administration (NIDA)
- Certified Public Accountant, License no. 7331

Work experience:

Period	Title	Name of / Company
2010 – present	Director	Simat Technologies PCL.
2006 – present	Executive Accounting & Finance Director	Simat Technologies PCL
2008 - present	Director	Simat Label Co., Ltd.
2009 – present	Director	Simat Soft Co., Ltd.
2009 - present	Director	Simat Telecom Co., Ltd.
2005– 2006	Audit Manager	PriceWaterHouseCoopers ABAS Limited
1999 - 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited



Mr. Vorachi Charoenprasittiporn

Independent Director

Percentage of Shareholding: 0%

Specialized experience: expert in business management

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 5/5 times

Education:

- BBA, Thammasat University
- MBA, University of Wisconsin – Milwaukee
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2014 – Present	Director	Breadtalk Corporation (Thailand) Co., Ltd.
2014 - 2015	Director	BTM (Thailand) Co., Ltd.
2011 – Present	Managing Director	FR (Thailand) Co., Ltd.
2010 – 2012	Director	Techbond (Thailand) Co., Ltd.
2000 – Present	Managing Director	Taster Food (Thailand) Co., Ltd.
2009 – Present	Director	Breadtalk (Thailand) Co., Ltd.
2007 – Present	Director	Simat Technologies PCL.
2004 – Present	Director	Idex Technologies Co., Ltd.
2003 – Present	Director	Orisoft (Thailand) Co., Ltd.

Nature of relationship

Number of Company's share holding: None

To have/have not interest in Parent / Subsidiary / Associate or juristic person with Conflict of interest at present and during the past 2 years

- As the director participated in management, employee, worker or consultant who receives the salary: None
- As the professional service provider: None
- Business relationship: None

Act as a Director/Others at present

- Other Listed Companies: None
- Non-Listed Companies: 5 companies
- Other juristic person with Conflict of interest: None



Ranchana Rajatanavin, Ph.D.

Independent Director / Chairman of Audit Committee

Percentage of Shareholding: 0%

Specialized experience: expert in finance and banking

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 5/5 times

Participation in Audit Committees' meeting in year 2016: 4/4 times

Education:

- BBA (Finance and Banking), Ramkhamheng University
- M.B.A. (Business Administration) Salem State College, Massachusetts, U.S.A.
- Ph.D. (International Business) Concentration: Finance and Marketing, Asian Institute of Technology, Thailand
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2007 – present	Chairman of Audit Committee	Simat Technologies PCL.
Jun'09 - present	Director of Business Incubator	Sripathum University
2005 – May'09	Head of Finance and Banking	Faculty of Business Administrative, Sripathum University
2004 – 2005	Professor of Finance and Banking	Faculty of Business Administrative, Sripathum University

Nature of relationship

Number of Company's share holding: None

To have/have not interest in Parent / Subsidiary / Associate or juristic person with Conflict of interest at present and during the past 2 years

- As the director participated in management, employee, worker or consultant who receives the salary: None
- As the professional service provider: None
- Business relationship: None

Act as a Director/Others at present

- Other Listed Companies: None
- Non-Listed Companies: None
- Other juristic person with Conflict of interest: None



Mr. Narongrit Rerkpattanapipat

Independent Director / Audit Committee

Percentage of Shareholding: 0%

Specialized experience: expert in financial audit and accounting standards

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 5/5 times

Participation in Audit Committees' meeting in year 2016: 4/4 times

Education:

- BBA (Accounting), Assumption University
- Certified Public Accountant, License no. 8093
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2013 – present	Chief Financial Officer	TPM Holding Co., Ltd.
2008 – present	Audit Committee	Simat Technologies PCL.
2005 – 2013	Senior Audit Manager	PriceWaterHouseCoopers ABAS Limited
1999 – 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited

Nature of relationship

Number of Company's share holding: None

To have/have not interest in Parent / Subsidiary / Associate or juristic person with Conflict of interest at present and during the past 2 years

- As the director participated in management, employee, worker or consultant who receives the salary:
None
- As the professional service provider: None
- Business relationship: None

Act as a Director/Others at present

- Other Listed Companies: None
- Non-Listed Companies: None
- Other juristic person with Conflict of interest: None



Ms. Kanwara Aurlpokaiyakul

Independent Director / Audit Committee

Percentage of Shareholding: 0%

Specialized experience: expert in banking

Relationship among management: None

Participation in Board of Directors' meeting in year 2016: 5/5 times

Participation in Audit Committees' meeting in year 2016: 4/4 times

Education:

- Bachelor of Management, Uttaradit Rajabhat University
- Training in Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
2008 – present	Audit Committee	Simat Technologies PCL.
2014 – Present	Manager	Kasikorn Bank – On-Nut Branch
2013 - 2014	Manager	Kasikorn Bank – Asoke Branch
2011 - 2012	Manager	Kasikorn Bank – Sukhumvit 18 Branch
2009 - 2010	Manager	Kasikorn Bank – Sukhumvit 15 Branch
1991 – 2008	Assistant Manager	Kasikorn Bank – Sukhumvit 15 Branch

Nature of relationship

Number of Company's share holding: None

To have/have not interest in Parent / Subsidiary / Associate or juristic person with Conflict of interest at present and during the past 2 years

- As the director participated in management, employee, worker or consultant who receives the salary:

None

- As the professional service provider: None

- Business relationship: None

Act as a Director/Others at present

- Other Listed Companies: None
- Non-Listed Companies: None
- Other juristic person with Conflict of interest: None

Executive committee



Mr. Thongkam Manasilapapan

Chief Executive Officer

Percentage of Shareholding: 13.18%

Authorized director who can sign on behalf of the Company according to the affidavit

Specialized experience: expert in EDCCS Technologies

Relationship among management: None

Education:

- Bachelor of Engineering (Civil Engineering), South East Asia University
- Certificate of Managing Information System (Cert. MIS) University of California, USA
- Executive MBAs, Chulalongkorn University
- Director Accreditation Program (DAP), Thai Institute of Directors

Work experience:

Period	Title	Name of / Company
1999 – present	Deputy Chairman / CEO	Simat Technologies PCL.
2006 – present	Director	Simat Soft Co., Ltd.
2005 – present	Director	Grand-Flo Berhad
1995 – present	Director	S. Siri Transport Co., Ltd.
2008 – present	Director	Simat Label Co., Ltd.
2008 – present	Director	Sino Trading & Service Corp.
2009 – present	Director	E-Tech IT Sch., Bhd.
2009 – present	Director	Simat Telecom



Mr. Thammanoon Korkiatwanich

Executive Accounting and Finance Director

Percentage of Shareholding: 0.30%

Specialized experience: expert in accounting, finance and financial audit

Relationship among management: None

Education:

- BBA (Accounting), Assumption University
- MBA, National Institute of Development Administration (NIDA)
- Certified Public Accountant, License no. 7331

Work experience:

Period	Title	Name of / Company
2006 – present	Director / Executive Accounting & Finance Director	Simat Technologies PCL.
2008 – present	Director	Simat Label Co., Ltd.
2009 – present	Director	Simat Soft Co., Ltd.
2009 - present	Director	Simat Telecom Co., Ltd.
2005 – 2006	Audit Manager	PriceWaterHouseCoopers ABAS Limited
1999 – 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited



Ms. Narisara Prasertsang

Executive Operation Director

Percentage of Shareholding: 1.51%

Specialized experience: expert in EDCCS Technologies

Relationship among management: None

Education:

- Bachelor of Computer Science, Mahidol University International College
- MA Business Studies, University of Sunderland, United Kingdom

Work experience:

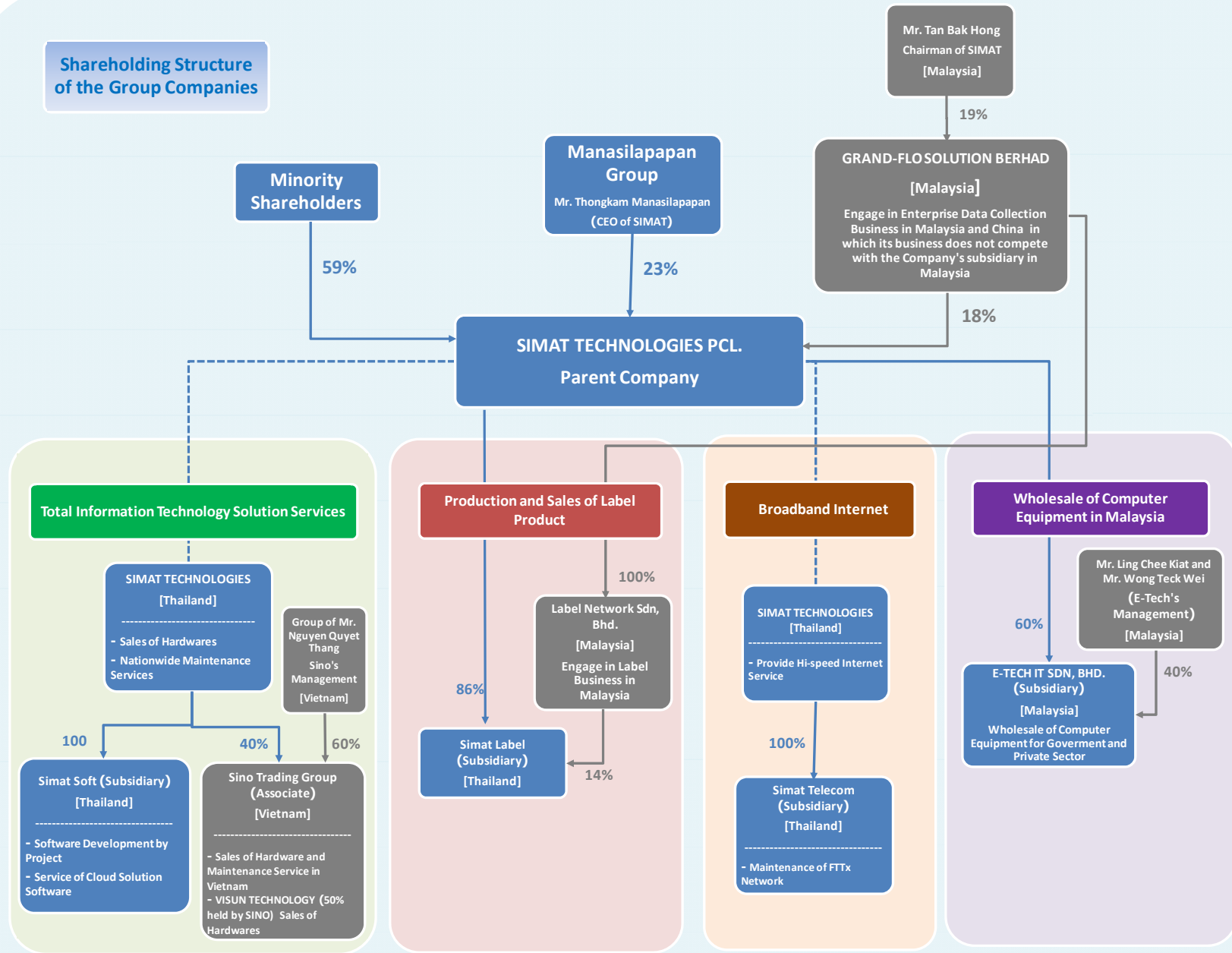
Period	Title	Name of / Company
2007 – present	Executive Operation Director	Simat Technologies PCL.
2008 – present	Director	Simat Label Co., Ltd.
2009 - present	Director	Simat Soft Co., Ltd.
2006 – 2007	Senior Marketing Manager	Simat Technologies PCL.
2005 – 2006	Territory Account Manager	Symbol Technologies Asia, Inc
2003 - 2005	CRM Manager	Simat Technologies PCL.

Information of Directors or Executive committee who act as Directors, Management and Controller in subsidiary companies, associate companies and related companies

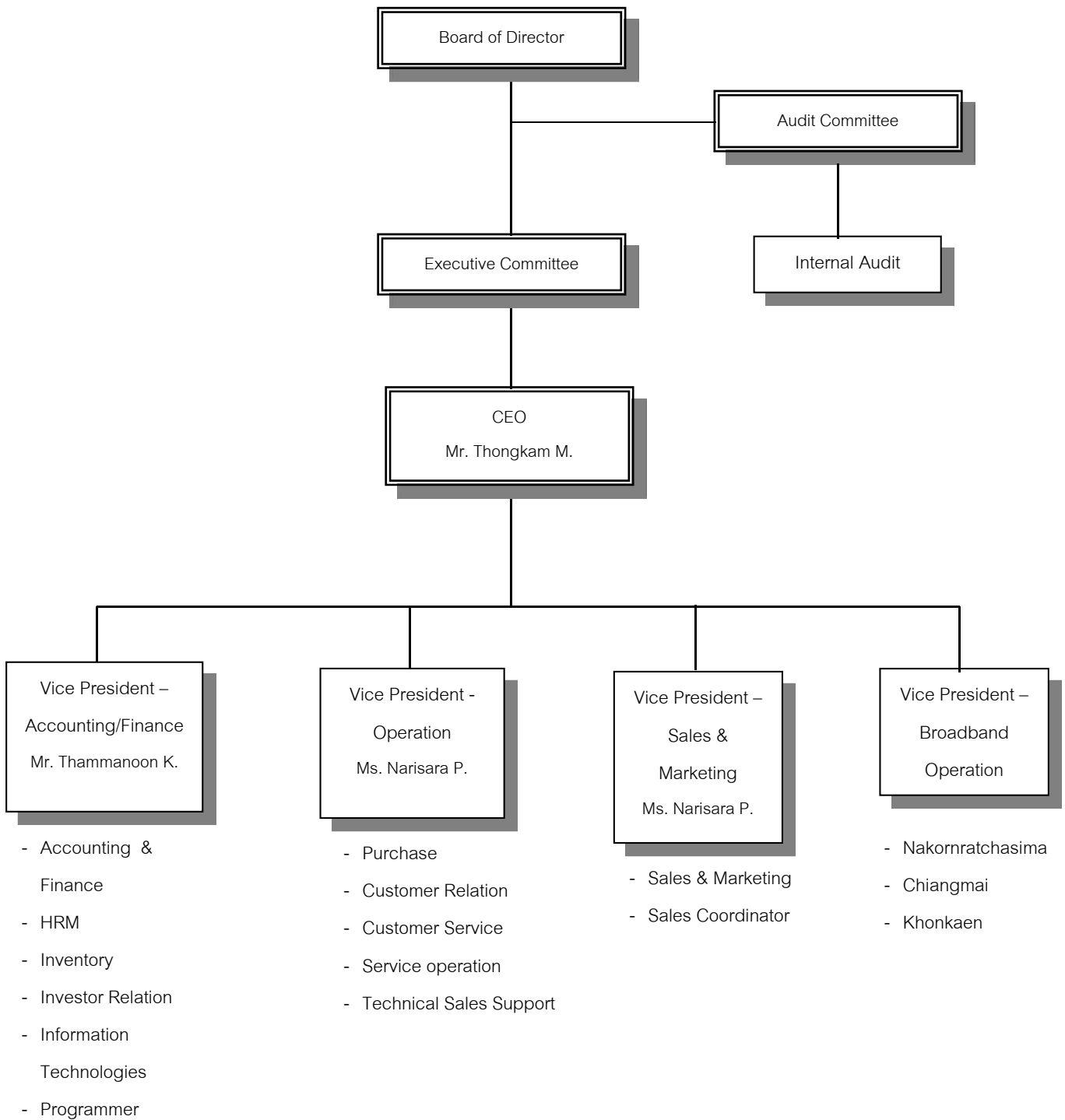
Name of Company	Company	Subsidiary Companies				Associate Company	Related Companies								
		Thailand			Malaysia		Vietnam	Malaysia						China	Thailand
		Simat Soft	Simat Labels	E-Tech IT Distribution	E-Tech IT Sdn., Bhd.		Sino Trading and Services	Grand-Flo Solution Bhd	Grand-Flo System Pte	Grand-Flo Electronic System Pte	Grand-Flo Spritvest	Data Centrix	Grand-Flo RFID	Label Network group companies	CL Solution group companies
Mr. Tan Bak Hong	X	/	/	/	/	/	/	/	/	/	/	/	/	/	
Mr. Thongkam Manasilapapan	/ #	/ #	/ #	/ #	/	/	/								/
Mr. Tan Bak Leng	/								/						
Mr. Tan Chuan Hock	/						/								
Mr. Natthawut Pinto	/														
Mr. Vorachai Charoonprasitporn	>														
Dr. Ranchana Rachatanavin	>														
Mr. Narongrit Rerkpattanapipat	>														
Ms. Kanwara Aurlpokaiyakul	>														
Mr. Thammanoon Korkiatwanich	/ #	/	/	/											
Ms. Narisara Prasertsunk	#	/	/												

Remarks / = Director X = Chairman # = Executive committees > = Independent Director < = Controller

Shareholding Structure of the Group Companies



Organization Chart



Major Shareholders and Dividend Policy

Top ten of shareholders and the amount of shares on the closing registration date as of March 20, 2017.

Rank	Shareholder	No. of share	%
1	GRAND-FLO SOLUTION BERHAD custodian account by Phillip Securities	71,899,373	18.17
2	Mr. Thongkam Manasilapapan	52,139,559	13.18
3	Mr. Natthapas Manasilapapan	25,000,000	6.32
4	Thai NDVR Co., Ltd.	24,664,728	6.23
5	Ms. Chutikarn Manasilapapan	14,876,181	3.76
6	Mr. Nattapat Rangsan	14,335,200	3.62
7	Mr. Natthawut Pinto	11,266,904	2.85
8	Mr. Amratpalsingh Chansrichawla	10,733,000	2.71
9	Thanawat Lertwattanak	9,348,900	2.36
10	Narisara Prasertsunk	5,968,717	1.51
	Others	155,509,869	39.30
	Total	395,742,431	100.00

Simat Technologies Public Company Limited has a policy to declare dividends to shareholders at the rate of not less than 50 percent of net profit after deduction of corporate income tax and reserves according to the law. However, the Company may declare dividends at the rate lower than what was mentioned above if it is necessary for the Company to use such net profit for expansion of the Company's operation.

Nature of Business

Business Structure

Total IT Solution Business		Production and Sales of Label Product	Wholesale of Computer Hardware in Malaysia	Broadband Internet Business
Sales of Hardware	Software Development			
Maintenance Services	Cloud Solution			
Simat Technologies	Simat Soft	Simat Label	E-Tech IT SDN, BHD.	Simat Technologies
Parent Company	Subsidiary (shareholding 100%)	Subsidiary (shareholding 86%)	Subsidiary (shareholding 60%)	Parent Company

Nature of Products or Services

Total Information Technology Solution Services

The Company provides services of the Total Information Technology Solution by sales of computer hardware, software development and nationwide maintenance services. The target customer groups are the retail business, warehouse, logistics, manufacturing and government project which require the efficient information collection technologies.

- (1) Group of hardware products and software sold together with said hardware. Principal hardware products that the Company provides are mobile or hand-held computers and devices that support barcode and RFID technologies. Hardware devices that the Company provides have operating system for stand-alone usage. The Company has developed particularized software which is MobileNet system. This software enables hand-held computers of the Company to connect with customer's database and other computers from long distance. Typically, the Company will sell MobileNet together with hardware of the Company.
- (2) Group of software products engaged by Simat Soft (subsidiary) focus on software development by design and analysis the program based on the need of particular customers (customized software) including with the software relating to the information technologies which help gather information real time and accurate especially the information about inventories or any other assets with a large number of items and difficult to audit and help organization to manage business efficiently. Simat Soft has the tax privileges under BOI for exemption of corporate income tax for 8 years. BOI and SIPA has the policy to support either government or private sector to develop software to support the expansion of IT market.
- (3) Business of maintenance service providing for hardware device and software sold by the Company and also maintenance of customers' computer devices used with products sold by the Company.
- (4) The service of Software for management of logistic business with cloud solution under the brand "SKY FROG". The target customer is the transport and logistics business.

Manufacturing and sales of label product

Label business is engaged by Simat Label (subsidiary) to provide services of design, develop and conversion of printed objects with glue for customer in manufacturers of electric appliance and electronics with provision and development of specific raw materials and design of production process to meet the specific requirements of the customer need. Revenue is continuous revenue from customer's repetitive order / The order increases as the customer's sale increases since the printed object with glue is attached at the customer's product / Profit is higher than sales of low grade or low price label as the company's product is unique by customer's need such as heat resistance, elastic or low level of tolerance. The target customer group is the manufacturers of smart phones, electric appliances and electronic parts.

Wholesale of computer hardware in Malaysia

Wholesale of computer equipment includes computer, notebook, printer and others with big project sales such as government or multinational companies in Malaysia. This business is engaged by E-Tech IT SDN BHD (subsidiary) in which the Company holds 60% of the subsidiary's shares. The subsidiary is the official dealer of the well-known computer manufacturers such as Lenovo, Hewlette Packard, etc. The subsidiary sells computer equipment including desktop computer, notebook, printer and others under the big project to either government project or multinational companies in Malaysia with direct sales or indirect sales through the system integrator or SI. The target customers are the government and multinational companies such as financial institutions and retail business.

Broadband business

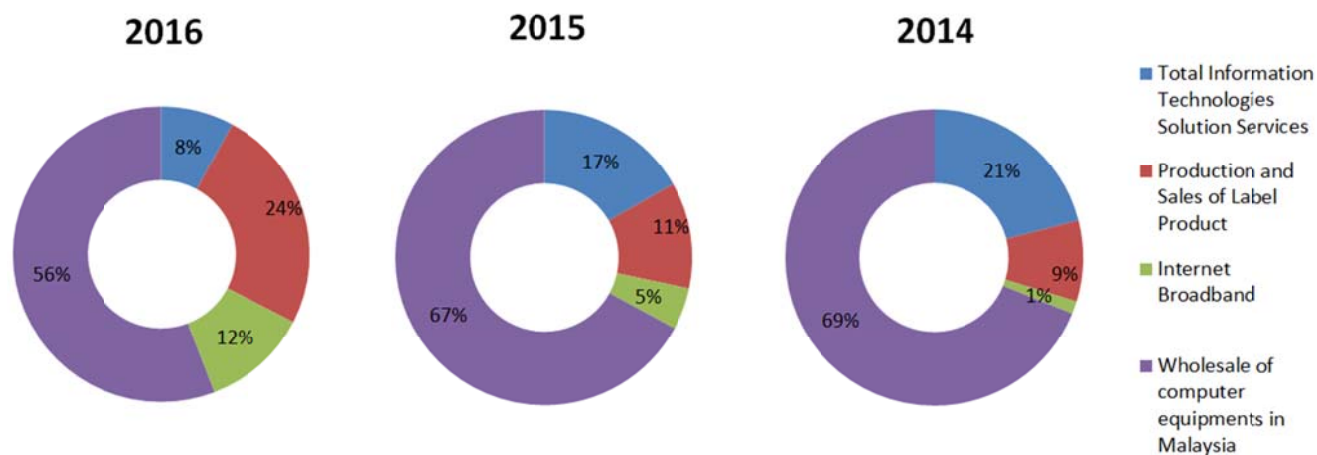
Broadband business which provides the hi-speed internet through optical fiber network (FTTx) for city of Nakornratchasima, Chiangmai, Khonkaen and Bangkok Metropolitan under the brand of "Sinet". The target customers are home-use consumer and Small and medium enterprise (SME).

Nature of Business

Business segment	Country	Operate by	% Holding	Nature of business	Nature of revenue and profit	Main customer group
Total Information Technologies Solution Services	Thailand	Parent Company	-	To provide total Information Technologies services including sales of hardware, software development and nationwide maintenance services	Revenue from sales of hardwares increases as the branch expansion increase of main customer group in retail business and the replacement of equipment / Fixed revenue from the maintenance contract / Project base revenue from both government and private project / With total solution including software development and nationwide maintenance services, profit is higher than sales of hardware only	Retail/ Transport and logistic/ FMCG / Manufacturing/ Government project
		Simat Soft (Subsidiary)	100%			
	Vietnam	SINO TRADING Group (Associate)	40%	Sales of hardwares and maintenance services		
Production and Sales of Label Product	Thailand	Simat Label (Subsidiary)	86%	To provide services of design, develop and conversion of printed objects with glue for customer in manufacturers of electric appliance and electronics with provision and development of specific raw materials and design of production process to meet the specific requirements of the customer need	Continuous revenue from customer's repetitive order / The order increases as the customer's sale increases since the printed object with glue is attached at the customer's product / Profit is higher than sales of low grade or low price label as the company's product is unique by customer's need such as heat resistance, elastic or low level of tolerance	Manufacturers of electric appliances and electronic parts
Internet Broadband	Thailand	Parent Company	-	To provide high-speed internet through fiber optic network in area of Nakornratchasima, Chiangmai, Khonkaen and Bangkok Metropolitan under the brand "SINET"	Repetitive revenue or monthly revenue / Fixed cost is high such as depreciation and the first-time installation cost when first time customer applies / Profit will arise when the number of customer increases above the break-even point	Home-use consumer / Small and medium enterprise (SME)
		Simat Telecom (Subsidiary)	100%			
Wholesale of computer equipments in Malaysia	Malaysia	E-TECH IT GROUP (Subsidiary)	60%	Wholesale of computer equipments including computer, notebook, printer and others with big project sales such as government or multinational companies in Malaysia. Sales is done directly or through System Integrator or SI	Huge revenue with limited profit since hardware sales only and by big lot project	Government project/ Multinational companies such as bank, retail

Revenue Structure

Revenue Structure by Business Segment	Total Information Technologies Solution Services	Production and Sales of Label Product	Internet Broadband	Total Domestic	Wholesale of computer equipments in Malaysia	Total
Unit: Million Baht						
Year 2016	101 8%	313 25%	148 12%	562 44%	710 56%	1,272 100%
Year 2015	233 17%	161 12%	64 5%	458 33%	933 67%	1,391 100%
Year 2014	274 21%	114 9%	18 1%	406 31%	898 69%	1,304 100%



Industrial Outlook and Competitive Environment

IT Market in Thailand

Thailand Information Technologies market can be divided into 3 major categories:

- (1) Computer hardware market which comprise of all kinds of computer devices such as desktop computer, notebook, printer, scanner, monitor, etc.,
- (2) Computer software market which refers to the computer program market, both in form of packaged software program and programs developed for specific purposes (outsourced software),
- (3) Computer services market such as computer lease, hardware consultant, data analysis, database related activities, and other activities related to computer.

The economy recession effects to the consumption for both consumer and entrepreneur. Many companies want to reduce their cost by postpone or downsize the investment in Information Technology. However, the trend of using IT to reduce the work process and add value to business is increasing as well. The government also encourages the development of digital economy or the framework of development to digital social and economy for year 2016 – 2020 to determine the direction of digital economy development.

The framework of development to digital social and economy will enhance the application of information technology for development of infrastructure, innovation, information, workforce and other resources in order to drive the national social and economic development sustainably which is a major factor for the growth of information technology industry of Thailand.

The consumption and investment of IT market in Thailand is expected to grow at 3.7% per year (2014 – 2019) and the market value is reaching at USD 13.6 billion in 2019. Most of the market is sale of hardware following by IT services and software. The demand of hardware was shrink at 03% since the companies tightened their expenditure budget and focus on optimization of work process while the IT services and software were growing more at 88% and 11.6%, respectively. The overall growth of Thailand IT market is at 6.3% with the growth rate of hardware, software and IT services at 1.9%, 9.0% and 11.0%, respectively. In addition, there is a trend toward the investment for improvement of infrastructure system including the development of software application to accommodate the change in market demand with the fast internet connection. Some organizations using the outsource service of infrastructure such as data center.

The overall market of IT service is USD 2.77 billion at end of 2014 and expects to reach at USD 3.04 billion in 2016 and USD 4.01 billion in 2019, respectively. The 3 major market players are CDG, MFEC and LOXLEY which have market share of 40%, 12% and 11%, respectively.

The revenue of the Company's IT solution business in year 2016 decreases continuously due to the economy recession that caused many customers to delay of investment. Moreover, the hardware market is high competition, cheap price, low margin that caused the customer to reduce the maintenance contract.

In 2016 - 2017, the Company has the below strategies:

1. To downsize the business by reducing and transferring employees to Broadband internet business and to maintain good margin customer groups.
2. To adjust more value-added service other than the maintenance but also installation services.
3. To focus more on project base from both private and government sector.

The Broadband Business in Thailand

Fixed Broadband Internet Market

Number of internet subscribers

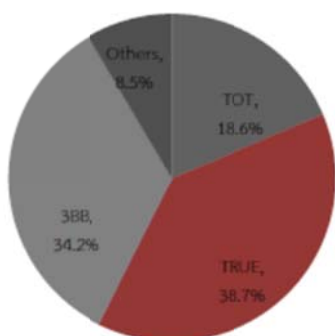
At end of quarter 3/2016, there were 6,771.4 thousand subscribers which increased from prior quarter about 1.7%. With consideration of penetration rate of hi-speed internet, there was an increasing trend by 31.75% of household at end of quarter 3/2016 which increased from prior quarter about 0.6%. IDC research (Thailand) found that xDSL internet connection has the most portion at 69.51% of total connections following by cable broadband at 8.89%, fiber optical at 18.48% and others at 3.13%.

	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	% change YoY	% change QoQ
Hi-speed internet subscribers ('000 subscribers)	6,175.2	6,229.2	6,395.1	6,658.6	6,771.4	9.7%	1.7%
% of fixed line per population	9.18%	9.26%	9.48%	9.87%	10.04%	9.3%	1.7%
% of fixed line per household	30.62%	30.24%	31.04%	31.22%	31.75%	3.7%	1.7%
Portion of hi-speed internet connection separate by type of connection							
Cable Broadband	9.58%	9.10%	9.08%	9.13%	8.89%	-7.3%	-2.7%
Fiber optical	10.54%	14.66%	16.10%	17.42%	18.48%	75.3%	6.1%
Others	4.94%	4.32%	3.98%	3.58%	3.13%	-36.8%	-12.6%
xDSL	74.94%	71.92%	70.84%	69.88%	69.51%	-7.2%	-0.5%

Number of subscribers and penetration rate of internet per household and portion of hi-speed internet connection

Source: IDC Research (Thailand)

Market structure, market share and competition level



The fixed broadband internet has 3 major players who are True Internet, TOT and 3BB.

- At end of quarter 3/2016, True had the biggest market share at 38.7%, 3BB at 34.2%, TOT at 18.6% and others at 8.5%
- HHI index of Hi-speed internet market is constant at 3,085 at end of quarter 3/2016.

Market share of hi-speed internet

In Quarter 3/2016, the total revenue of hi-speed internet was Baht 13,700 million which decreases from prior quarter about 2.8% and the average package price is Baht 654 per month and the average price is at Baht 0.04 per Kbps which close to the prior quarter.

	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	% change YoY	% change QoQ
Fixed broadband internet revenue (million baht)	12,600	13,100	13,700	14,100	13,700	8.7%	-2.8%
Average price (Baht/Kbps)	0.06	0.06	0.05	0.04	0.04	-38.3%	0.0%
Average package price (Baht/month)	663	655	667	665	654	-1.4%	-1.6%
TOT	693	688	684	686	731	5.4%	6.5%
TRUE	652	625	665	660	590	-9.5%	-10.6%
3BB	645	651	652	648	642	-0.5%	-0.9%

Hi-speed Internet Revenue

The revenue of broadband internet business of the Company in 2016 increases continuously with the following factors:

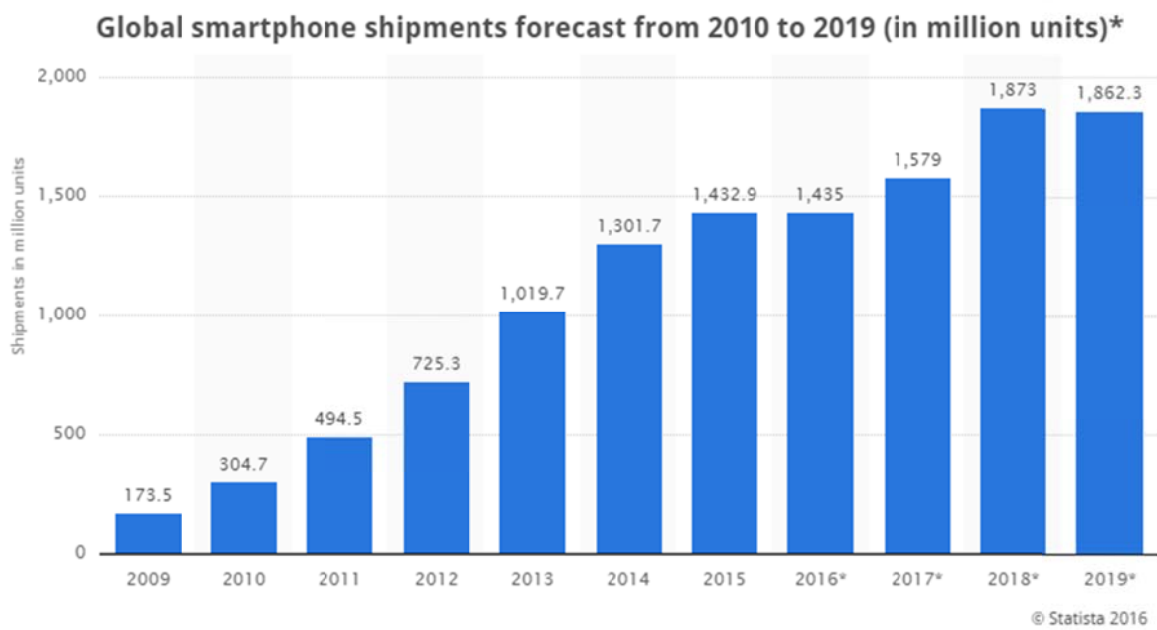
1. The internet market is expanding every year at growth rate of 10 – 15%.
2. Fiber optic internet connection type is growing highly and replacing the old type of connection which is xDSL.

In year 2017, the Company has strategies for broadband internet business as below:

1. The Company focuses on improving and maintaining internet quality and installation and maintenance service which are the core competency of the business.
2. The Company market positioning is focusing on high internet quality and high standard of service with affordable price rather than low price marketing.
3. As the Company's brand is new, the Company focuses on penetration strategies by using of direct sale employees, local marketing activities and local dealer sale.

Label market for electronic manufacturing

The Company's label business is growing highly and persistently for three consecutive years, especially, the label product for customer in smart phone manufacturing which represents 50% of total revenue. It is expected that the smartphone market is growing continuously and the number of smartphone sale will reach 1,579 million units in year 2017 and continue to high growing further.



Risk Factors

Total IT Solution Business

Risk from economy recession and the change of market demand

Nature, cause, effect, trend and action taken

- The economy recession effect the IT Solution business by reduction of purchase orders together with the trend of low pricing hardware makes the customer not interested in maintenance contract.
- This may cause reduction in revenue and net profit.
- In 2016 and 2017, the Company has downsized this business to match with the current market by transferring personnel to the well growing broadband internet business and to maintain some good margin customer groups.

Label Business

Risk from manufacturing technology change

Nature, cause, effect, trend and action taken

- To manufacture some product for some customer group requires the investment in specific machinery. If there is a technological change in manufacturing the specific products, this may cause the termination of the specific machinery.
- This may cause the loss for impairment of machines.
- In 2016 and 2017, the Company has searched for business partner in form of outsource manufacturer to support the Company's production. The Company targeted to have outsource manufacturer to accommodate up to 50% of total production capacity in order to reduce the investment in machinery and also has the policy to depreciate the machines sooner (not later than 5 years) for specific machines for specific products.

Risk from relying on major customer group

Nature, cause, effect, trend and action taken

- The Company supplies label product to the main customer group which is smartphone manufacturer about 50% of total revenue.
- If this customer group is discontinued, it will effect to the revenue and net profit.
- In 2016 and 2017, the Company has expanded this business to other customer group such as electric appliance. The Company targets to have sale proportion of other customer group rather than smartphone manufacturer at least 50% of total revenue.

Broadband Internet Business

Risk from competition

Nature, cause, effect, trend and action taken

- Currently, the business of providing hi-speed broadband internet is highly competitive since competitors invested to expand the fiber optic network in many coverage areas, especially, the major telecommunication provider who provides both mobile internet and fixed broadband and to penetrate the market by low pricing strategy.
- This may cause the reduction of the Company's internet subscribers and effect to revenue and net profit.
- In 2016 and 2017, the Company pays attention to improve and maintain the high quality of internet network as well as the installation and maintenance services which are the core competency of this business. The Company has the market positioning on high quality internet at affordable price rather than low pricing.

Risk from limitation of liquidity and source of fund

Nature, cause, effect, trend and action taken

- Broadband internet is the business that requires high investment for network expansion and installation per new subscriber. The average payback period per each subscriber is around 12 – 14 month. If the new subscribers per month increase so much, the Company may have a liquidity problem.
- In 2016 and 2017, the Company has 2 financing plans:
 - Investment of terminal units at customer site which are optical network unit (ONU) and router will be financed by leasing company
 - Investment of fiber optic wiring for both equipment and labor cost will be financed by financial institution

Risk factor of subsidiary's business in Malaysia

- Risk associated with low margin business

The nature of subsidiary's business in Malaysia emphasizes on the sales and services to large clients with high volume, resulting in low gross margin about 5 – 7% which may impact the performance significantly. The management was aware of the associated risk and adjusted the marketing strategy by focusing on providing sales and services with more value-added.

- Risk from the dependency on government projects

At present, total revenue under subcontractor for government projects is approximately 75% of total revenue with the following risks:

(1) The volatility of income

The revenue of subsidiary could be volatile, depending on amount and size of projects granted. In the event that the government stimulates delays or cancels projects related to information technology, future revenue of the Group may be fluctuated accordingly. However, management believed that the need for information technology from the government would be going on, both for installation and improvement services. In addition, the projects servicing to government units are mostly on contract for 3-year period. Therefore, a subsidiary would be able to manage the procurement of new projects to replace the expiring ones. Moreover, a subsidiary has planned to decrease its dependency on government by emphasizing on large private corporate in banking, financial and insurance sectors, including educational institution.

(2) The long outstanding trade receivables

Generally, government has a relatively long period to complete a certain process on project delivery and payment. A subsidiary had a long collection period of 120 - 160 days. The further delay of receivables payment may cause the subsidiary lacking of working capital, adversely affecting its liquidity and increasing interest payment. However the management improved the handling of government projects by sending team to overview installation process including document supports, which fasten job delivery.

Good Corporate Governance Practice

Good Corporate Governance Practice

The Board of Directors strongly believes and complies with the good corporate governance according to the principle of good corporate governance for listed companies for year 2012 of the Stock Exchange of Thailand and the criteria of the survey project of corporate governance of listed companies (Corporate Governance Report of Thai Listed Companies – CGR) of Thai Institute of Directors (IOD) and the international standard such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). The Company performs the good corporate governance according to the best practice of corporate governance of listed companies for year 2012 as follows:

- Rights of Shareholders
- Equitable Treatment of Shareholders
- Roles and Rights of Stakeholders
- Disclosure and transparency
- Responsibilities of the Board

1. Rights of Shareholders

Shareholders are the owners of the Company and control the Company by appointing the Board of Directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. Basic rights of Shareholders are buy, sell or transfer shares, share in profit of the Company, obtain of relevant and adequate information of the Company in a timely manner, participate and vote in the shareholders meeting to appoint or remove members, appoint the independent auditor, make decision of dividend payment and other matters that affect the Company such as increase or decrease of capital and amendment to the Company's Article of Association etc. The Company upholds the principle of equitable treatment of shareholders so that all shareholders will be treated equally and fairly. The Company also encourages shareholders to exercise their rights.

In 2016, the Company implemented the followings:

1.1 Shareholder's Meeting

- Organized the 2015 annual shareholders' meeting at the Company's meeting room no. 123 Soi Chalongkrung 31, Ladkrabang industrial estate, Chalongkrung road, Lamplatew, Ladkrabang, Bangkok. The Company arranged the vans to make shareholders convenient for travelling.
- Distributed the notice calling for shareholders meeting 14 days in advance and attached with agendas and other relevant documents such as minutes of last shareholders meeting, the annual report, preliminary information of the directors who are due to retire and are nominated to directorship for another term and the new director, preliminary information of the auditor, articles of association that relevant to this meeting, proxy form and letter advising the documents needed for attending the meeting and map of the meeting venue.

1.2 Action taken at shareholder's meeting date

- Chairman, Chairman of the Audit Committee, Chief Executive Officer and other directors together 10 persons from the total of 10 persons attended the meeting and listen to the opinions of shareholders on various issues.

- Before the meeting, in accordance with the agendas stipulated in the notice calling for the meeting, Chairman of the meeting had informed shareholders regarding the procedure of the meeting and the voting method for each agenda, which approved unanimously by the shareholders.
- Chairman of the meeting had run the meeting in accordance with the agendas stipulated in the notice calling for the meeting. Provided equal opportunities to shareholders to check the Company's performance as well as to ask, give opinions and provide recommendations. The Company had written down all the major points in the minutes of meeting so that shareholders can investigate them accordingly.
- The voting is by using the ballot for every agenda.
- In order to run the meeting transparently and comply with the good practice of AGM by Securities and Exchange Commission, the Company assigned the lawyer firm, "Thosatham Company Limited", to be in charge of proceeding the AGM transparently and to comply with law and the Company's Articles of Association. The Chairman invited 1 shareholder to act as the witnesses in counting the votes with the inspector.

1.3 Preparation and disclosure of the minute of meeting

- The Company had prepared the minutes of shareholders meeting covered all the major points correctly and accurately. The Company forwarded the minutes of meeting to the Stock Exchange of Thailand as well as disclosed the minutes of meeting on the Company's website within 14 days after the date of the meeting.
- The Company pays attention to the policy to disclose correct and accurate information regularly and on time. The Company had disclosed information and other Company's news to shareholders, investors and other people who are interest in the above-mentioned through various channels provided by the Stock Exchange of Thailand and through the Company's website www.simat.co.th. In addition, the Company has established the Investor Relations office in order to communicate with shareholders, investors and other people who are interested in the above-mentioned. The Investor Relation Office can be contacted through the Coordinator, Mr. Thammanoon Korkiatwanich and Mr. Roengsak Sae-Eung Tel 02-326-0999 ext. 1211 and 1213 or E-mail ir@simat.co.th.

2. Equitable Treatment of Shareholders

The Company aware of the benefits of all shareholders includes major shareholders, minority shareholders and for shareholders who are ordinary person, institute investor, Thai and foreign investors and to be treated equally and fairly for the highest benefit of shareholders with the following procedures.

2.1 Attending shareholders' meeting by proxy

The Company gives right to shareholder who cannot attend the meeting by proxy to grant any independent director who has no interest in the agenda of director election to attend and exercise voting. The Company distributed proxy letter including relevant documents together with the invitation letter to all shareholders in advance for 14 days and also disclose to the public by Company's website.

2.2 Safeguard of internal information

The Company had adopted the safeguard and investigation system for the use of internal information for inappropriate personal gain. All directors and management must report the changes in holding of the Company's securities to the Security Exchange Commission. All directors, management are employees who

involved in the internal information are prohibited to disclose such information to outsider people or people whose job is not involved with the information. Also, all directors, management and employees who involved with the preparation of the financial reports are prohibited to sell or buy the Company's securities one month before the information is disclosed to the public.

2.3 Director's interest

The board of directors and executive committees are required to report their own interest and their connected person which are the interest that related to the management of the Company and subsidiaries when they are appointed as the member of the board or committee and to report once there is any change in their interest.

3. Roles and Rights of Stakeholders.

Stakeholders of the Company will be treated fairly in accordance with their legal rights as specified in relevant laws. The Board of Directors will not do anything in violation of stakeholders' legal rights. Stakeholders include, but are not limited to shareholders, employees, customers, suppliers, competitors, independent auditors and community in the neighborhood of the Company, etc. The Company has adopted the Codes of Conduct so that directors, management and employees can use it as guidelines in running the Company's business. This Codes of Conduct are comprised of

1. Introduction
2. Policy and Guidelines on Conflict of Interests
3. Policy and Guidelines Relative to Shareholders
4. Policy and Guidelines Relative to Employees
5. Policy and Guidelines Relative to Customers
6. Policy and Guidelines Relative to Partners
7. Policy and Guidelines Relative to Creditors
8. Policy and Guidelines Relative to Competitors
9. Policy and Guidelines Relative to Independent Auditors
10. Policy and Guidelines Relative to Social and Environment
11. Implementation and Enforcement

(See details of Codes of Conduct at the Company's website)

In 2016, the Company implemented the Codes of Conduct as follows:

3.1 Policy and Guidelines Relative to Shareholders.

The Company treated all shareholders equally and fairly as per the details mentioned in the Rights of Shareholders and Equitable Treatment of Shareholders (see details at the Company's website)

3.2 Policy and Guideline Relative to Employees

The Company strongly believes that employees are the most valuable resources of the Company, it therefore encourage employees to learn and develop their skills continuously. The Company has provided fair and suitable remunerations to employees by comparing with other companies that have similar size and similar nature of business. Besides, The Company has provided sufficient welfares to employees that reflect the current circumstances. In 2016, the Company had implemented the followings for the employees:

- 3.2.1 In addition to salaries and bonuses that the Company paid to the employees which close to those paid by other companies with similar size and similar nature of business , the Company has arranged to have the Provident Fund for all employees and Group Life Assurance and Group Accident Insurance for onsite service employees.
- 3.2.2 The Company had organized various training courses both in in-house and abroad to improve knowledge and skill of the employees in order to improve the competitive potentiality. There are more than half of the total employees of the Company attended the training.
- 3.2.3 The Company had organized the Orientation Course to all new employees so that they know the policy, corporate culture and operating practices.

3.3 Policy and Guidelines relative to Customers.

The Company realizes the importance of customers to the success of the Company business. It therefore provided diverse and complete ranges of Hardware equipments such as mobile computers, barcode equipments and other hardware related to the Enterprise Data Collection and Collation System which has the high level of quality so that customers can source any kinds of hardware that suit to the customer's need and its operating system. The Company had also provided various kinds of services such as leasing of equipments and the annual maintenance service agreement, etc. so that customers can fully benefit from the Company. In addition, the Company has designed and developed software, which is applied to the mobile computers and other relevant equipments, that provide user-friendly and suitability to customer's operation and able to connect to the customer's IT system in order to give highest satisfaction to customers.

3.4 Policy and Guidelines relative to Partners.

The Company has treated partners fairly and equally under the basis of mutual benefit and exchanged with them the true and correct information as well as strictly complied with all conditions of the agreement made with them. In addition, the Company provided supports and assistance to them in the development of new products and services. All directors, management and employees are prohibited to ask or receive any improper benefit from partners.

3.5 Policy and Guidelines Relative to Creditors

The Company has treated creditors fairly and equally, provided correct, true and on time information to creditors as well as strictly complied with all conditions of the agreement made with them.

3.6 Policy and Guidelines Relative to Competitors

The Company has treated competitors fairly by adhering to the generally accepted practices. Avoid the abusing of confidential information and the breach of righteous rights of the competitors, as well as the dishonest way to destroy competitors.

3.7 Policy and Guidelines Relative to Independent Auditors

The Company realizes the importance of the Independent Auditors as the key mechanism of shareholders in auditing the Management's performance and to ensure that the financial reports are correct, complete and reliable and has given full supports to the Independent Auditors by providing them correct and complete information, as well as providing them convenience during their auditing process. The financial statements for the year 2015 were audited by the Independent Auditor and the Independent auditor expressed an unqualified opinion to the Company's financial statements on the auditor's report.

3.8 Policy and Guidelines Relative to Social and Environment

The Company strongly believes that our business will grow constantly and sustainably only when the social by overall is peaceful and environment is sustainable. The Company therefore realizes the need to be a good corporate citizen as well as to be responsible to the society and environment by providing appropriate contributions in various forms that are suitable and compatible with the Company resources and capabilities. The Company believes that the contributions to society may not necessarily spend a lot of money at each time but rather do it on a regular basis and compatible with the Company's resources as well as let the employee to participate. The Company also believes that good corporate social responsibility programs should have interaction between the givers and the receivers so that the program can proceed smoothly and continuously. The Company has provided contributions to communities nearby and far from the Company. The Company has considered the contributions based on necessity and appropriateness such as donate the computer equipment to schools and temples, etc.

Stakeholder's Channel of Communication

The Company gives a chance to stakeholder to participate by giving advice to the following channels. All the advices shall be gathered to report to the top management and board of directors.

Company Secretary	Tel. 0-2326-0999 Ext. 1211 E-mail: thammanoon@simat.co.th
Investor Relation	Tel. 0-2326-0999 Ext. 1211 or 1213 E-mail: irsimat@simat.co.th

In case, the stakeholder would like to contact the board of directors directly and not through the management in order to complain of any breach of right, corruption, illegal or unethical action which relates to the management, the stakeholder can contact the independent director via e-mail board_ac@simat.co.th. The Company also allows the employees and outside stakeholder can contact, advise, complain and report the illegal or unethical action to e-mail board_director@simat.co.th to engage the followings.

Any employee or stakeholder can advise through the designated channel and the information will be kept as secret and the Company has the procedure to safeguard the informer by proceeding the audit with undisclosed source of information. Moreover, the informer can request for appropriate safeguarding procedures or the Company may provide appropriate safeguarding procedures with no request if the Company considers that the matter may cause any damage or insecure.

In case, any illegal or unethical action is found, the Company will assign the committee to investigate, judge and punish and report to the audit committee and board of director further.

4. Disclosure and Transparency.

The Company has a policy to pay attention to the disclosure and transparency with regard to the corporate governance. In 2016, The Company had disclosed information both the financial information and other information correctly, accurately, transparently and on time, in accordance with the regulations of the stock Exchange Commission and the Stock Exchange of Thailand as follows:

4.1 Had forwarded the financial reports and other reports such as the change of directors and change in securities of the Company held by each director etc. to SEC and Stock Exchange of Thailand within the given time set forth by them.

4.2 Had disclosed the financial status and other information such as nature of business, competitive environment, business risk, the number of security of the Company held by each director and management to SEC and Stock Exchange of Thailand

4.3 Had disclosed the financial information and other information correctly and accurately in the Company's website www.simat.co.th

4.4 The Company has established the Investor Relations office so that shareholders and other persons can contact at

Mr. Thammanoon Korkiatwanich Tel : 02-326-0999 ext. 1211 E-mail: ir@simat.co.th

Mr. Roengsak Sae-Eung Tel : 02-326-0999 ext. 1213 E-mail: ir@simat.co.th

4.5 The Board of Directors had selected the Independent Auditors who are independent and have no conflict of interests with the Company and the auditors have been approved by S.E.C. The Company has appointed the auditors from ANS Audit Co., Ltd. As the Company's auditor for the year 2016 (who is the Company's new auditor) as recommended by the Audit committee as follows:

Mr. Sathien Vongsanan, CPA license no. 3495 or

Mr. Atipong Atipongsakul, CPA license no. 3500 or

Mr. Vichai Ruchitanont, CPA license no. 4054

The audit fee for year 2016 is 1,794,000 Baht which is the rate close to the fee paid by other companies with similar size and similar nature of business,

4.6 The Company audited financial reports have been audited by the Independent Auditor and the independent auditor expressed an unqualified opinion.

5. Responsibilities of the Board

The Board of directors is responsible to shareholders in carrying out the Company's business in compliance with the laws and regulations of the Stock Exchange Commission and the Stock Exchange Commission and the Stock Exchange of Thailand, the objectives and articles of association the Company as well as the resolutions of shareholders meeting. The Board of Directors shall perform duties in good faith, with due diligence and care, and for the best interest of the Company and shareholders. In 2016, the Board of Directors has performed its duties as follows.

5.1 Board Structure

Board of directors comprises of the knowledgeable and competent persons who have the important role in determining the Company's policy, business plan for both short-term and long-term including the financial policy, risk management and overall business and also audit and evaluate the Company's operating result.

Currently, the Board of Directors is composed of 10 persons as listed below

1.	Mr. Tan Bak Hong	Chairman
2.	Mr. Thongkam Manasilapapan	Vice chairman/CEO
3.	Mr. Thammanoon Korkiatwanich	Director
4.	Mr. Tan Bak Leng	Director
5.	Mr. Tan Chuan Hock	Director
6.	Mr. Nattawut Pinto	Director
7.	Mr. Vorachai Charoonprasitporn	Independent Director
8.	Dr. Ranchana Rachatanavin	Independent Director/Chairman of Audit Committee
9.	Mr. Narongrit Rerkpattanapipat	Independent Director/Audit Committee
10.	Ms. Kanwara Aurpokaiyakul	Independent Director/Audit Committee

The Board of Directors is composed of 2 directors who are Executive committee, 4 Independent directors and 4 directors who are not Executive committee.

The Company has 4 independent directors which is more than one-third of the board and 3 independent directors are audit committees.

The retired directors may be eligible for re-election. There is no limit for number of terms of being the Company director which is subject to the approval of shareholders.

The executive directors must not be the directors in other public companies more than 5 companies. The holding of directorship in other companies mentioned above must be informed to the Board and approved by the Board.

Executive Director is an executive who is appointed as a member of the Board, Non-executive Director is a director who has no position in the Company's management team, and the Independent Director is a director who has no position in the Company's management team and must meet the qualification outlined by the Stock Exchange Commission and the Stock Exchange of Thailand (see details of the definition and qualification of directors in the Corporate Governance Policy at the Company's website)

The Company Secretary also acts as the Secretary of the Board.

5.2 Sub-Committees

The Board of Directors has appointed the Executive committee and Audit Committee to assist the Board in managing the Company by clearly stipulation the duties and responsibilities of each sub-committee. At present, the Company has not established the Remuneration Committee. However, the Company has adopted the consideration for the remuneration of directors and top management by comparing to the remuneration paid by other companies of similar size and similar nature of business.

5.3 Role and Responsibilities of the Board

The Executive committee has regular meeting to consider and manage the Company to grow constantly in accordance with the policy and strategic direction set forth by the Board. The Executive committee had performed its duties and responsibilities as per the following details:

1. Approve payment or become guarantor for the payment for the Company's normal business transactions within the limit or not more than 50 million Baht.
2. Appoint or remove officer of the Company whose rank not higher than the Managing Director.
3. Prepare and establish the policy and strategic direction of the Company for the approval of Board of Director.
4. Establish the Organization Chart and the Management Structure of the Company covering the selection, training, employment and termination of employee of the Company
5. Establish business plan and management authorities, approve the annual business budget and management the Company business in accordance with the business plan and business strategy, and in compliance with the policy and strategic direction approved by Board of Directors
6. Perform other duties assigned by Board of Directors.

The Audit Committee had performed the following duties to oversee the management's work according to the role and responsibilities as assigned by the Board.

1. To verify that the Company has an accurate and adequate financial statements.
2. To verify that the Company has proper and effective internal control and internal audit system and to consider the independence of the internal audit division or any division responsible to internal audit.
3. To verify that the Company complies with the Securities and Exchange Acts, the regulations of the Stock Exchange, or any laws regarding to the business of the Company.
4. To consider, select and propose appointment and remuneration of the auditor who is independent to the Company and to attend the meeting, which has no management's joining, with auditor at least once a year.
5. To consider the connected transaction or conflict of interest transaction and ensure that they are comply with the rules and regulations of the Stock Exchange and are reasonable and most beneficial to the Company.
6. To prepare the Audit Committee's report for disclosure in the annual report of the Company which such report must be signed by the Chairman of Audit Committee.
7. To conduct any other works as assigned by the Board of Directors with consent from the Audit Committee.

5.4 Board of Directors' Meeting and Directors' Remuneration

- The Board of Directors has had regular meeting every quarter and may have additional meeting when it is necessary. In every meeting, the Board had clearly fixed the agenda and had sent the notice calling for the meeting which more than 7 days in advance so that the Board of Directors shall have sufficient time to study the information. Minutes of meeting had been written correctly and accurately, and the minutes of meeting that certified by the Board had been kept properly so that the Board of Directors and other involved persons can investigate them accordingly. In 2016, the Board of Directors had 5 meetings and each meeting took approximately 3 hours and the attendance of the Board of Directors is as follows:

Name	Total Meeting	Attendance
1. Mr. Tan Bak Hong (Chairman)	5	5
2. Mr. Thongkam Manasilapapan (Director/Chairman of Executive committee)	5	5
3. Mr.Thammanoon Korkiatwanich (Director/Executive committee)	5	5
4. Mr. Tan Bak Leng (Director)	5	4
5. Mr. Tan Chuan Hock (Director)	5	4
6. Mr. Natthawut Pinto (Director)	5	4
7. Mr. Vorachi Charoenprasittiporn (Independent Director)	5	5
8. Dr. Ranchana Rajatanavin (Independent Director / Chairman of Audit Committee)	5	5
9. Mr. Narongrit Rerkpattanapipat (Independent Director / Audit Committee Member)	5	5
10. Ms. Kanwara Aурpokaiyakul (Independent Director / Audit Committee Member)	5	5

The authorized directors who can on act on behalf of the Board of Directors are the signature of two out of four director number 1 to number 4 and affix the Company seal. Details of the roles, duties and responsibilities can be seen from the Report Form 56-1 and from the Company's website www.simat.co.th

- The Board of Directors had fixed the meeting date in advance since the beginning of the year so that all directors and management can schedule their time efficiently.
- Chairman of the Board and Chief Executive Officer had considered the agendas together.
- Chairman of the Board had provided equal opportunity to each director to express his opinions, and the director who has interest in any agenda must leave the meeting room during the consideration of the agenda.

Audit Committee

The audit committee comprised of

Dr. Ranchana Rajatanavin	Chairman of Audit Committee
Mr. Naronrit Rerkpattanapipat	Member of Audit Committee
Ms. Kanwara Aurlpokaiyakul	Member of Audit Committee

In 2016, the Audit Committee had 4 meetings and each meeting took approximately 3-4 hours. The attendance of the Audit Committee's as follows:

Name	Total Meeting	Attendance
1. Dr. Ranchana Rajatanavin (Chairman of Audit Committee)	4	4
2. Mr. Narongrit Rerkpattanapipat (Audit Committee Member)	4	4
3. Ms. Kanwara Aurlpokaiyakul (Audit Committee Member)	4	4

5.5 Board Self-Assessment

The Board of Directors has policy to encourage directors and management to constantly develop knowledge and skill. In 2015, Directors and management had regularly participated in various training programs and seminars, such as Executive Accounting and Finance Director attended the training program on Accounting Standards and Practices organized by the Federation of Accounting profession. Company Secretary and the Investor Relations Coordinator attended various training programs organized by the Investor Relations Association and the Stock Exchange of Thailand. The Chief Executive Officer and Managing Director had attended the training program on Sales Conference with Partners and Related Companies in foreign countries.

5.6 Directors' Remuneration

The Company had paid out the remuneration to directors in 2016 in the form of gratuity and meeting Allowance as follows.

Chairman of the board (Mr. Tan Bak Hong)	40,000 Baht/month
3 Directors who not act as management	
▪ Mr. Tan Bak Leng and Mr. Tan Chuan Hock	20,000 Baht/month
▪ Mr. Natthawut Pinto	30,000 Baht/month

There is no meeting allowance and bonus for these Directors.

For Independent Director/Audit committee member will receive the meeting allowance and bonus as follows:

Chairman of the Audit committee	10,000 Baht/time
Independent Director/Audit committee member	7,000 Baht/time

Bonus of Independent Director/Audit committee member shall not exceed 100,000 Baht

Total money paid to the Board for year 2016 is 1.36 million baht (Year 2015: 1.34 million baht).

In year 2016, the Company paid out remunerations to management 4 persons total 10.00 million baht. (Year 2015: 10.90 million baht)

Report from Board of Directors Relative to Financial Report

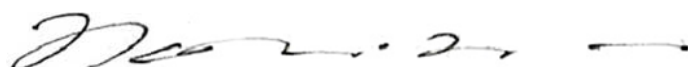
The Board of Directors is responsible for the Company's financial reports and the details appeared in the annual report. The financial reports are prepared in accordance with the generally accepted accounting standards in Thailand, by adopting the appropriate accounting policy and consistent implementation as well as due judgment and best estimation in the financial reports preparation, including the sufficient note and explanation of the financial reports. In addition, the Board of Directors has provided the appropriate and efficient internal control and risk management system to ensure that the financial reports are correct, complete and sufficient to safeguard the Company's assets as well as to protect frauds.

The Board of Directors has appointed the Audit Committee to oversee the Company's accounting policy and the accuracy of the financial reports, including the review of the Company's internal control system and internal audit system, the details of which can be seen from the Audit Committee's report included in the annual report. In addition, the Company's financial reports were audited by the independent auditor of ANS Audit Co., Ltd. The report of the independent auditor is included in the annual report.

The Board of Directors has the opinion that the Company's overall internal control system is satisfactory and can be assured that the financial reports of Simat Technologies Public Company Limited and its subsidiaries for the year ended December 31, 2016 are accurate and fairly stated, as well as in compliance with the relevant laws and regulations.



(Mr. Tan Bak Hong)
Chairman



(Mr. Thongkam Manasilapapan)
Chief Executive Officer

Report from Audit Committee

Audit Committee of Simat Technologies Public Company Limited is composed of the 3 Independent Directors in accordance with the qualifications and rules stipulated by The Stock Exchange of Thailand are as follows:

1. Dr. Ranchana Rajatanavin	Chairman of Audit Committee
2. Mr. Narongrit Rerkpattanapipat	Member of Audit Committee
3. Ms. Kanwara Aурpokaiyakul	Member of Audit Committee

Dr. Ranchana Rajatanavin and Mr. Narongrit Rerkpattanapipat are the member who is knowledgeable to review the financial statements as Dr. Ranchana is an expert and consultant in finance and banking major of Sripatum university and Mr. Narongrit is a Certified Public Accountant.

The scopes of authority and function of the audit committee are as follows:

1. To verify that the Company has an accurate and adequate financial statements.
2. To verify that the Company has proper and effective internal control and internal audit system and to consider the independence of the internal audit division or any division responsible to internal audit.
3. To verify that the Company complies with the Securities and Exchange Acts, the regulations of the Stock Exchange, or any laws regarding to the business of the Company.
4. To consider, select and propose appointment and remuneration of the auditor who is independent to the Company and to attend the meeting, which has no management's joining, with auditor at least once a year.
5. To consider the connected transaction or conflict of interest transaction and ensure that they are comply with the rules and regulations of the Stock Exchange and are reasonable and most beneficial to the Company.
6. To prepare the Audit Committee's report for disclosure in the annual report of the Company which such report must be signed by the Chairman of Audit Committee.
7. To conduct any other works as assigned by the Board of Directors with consent from the Audit Committee.

In year 2016, the Audit Committee of the Company has opinions regarding to the following matters:

The Accuracy and Reliability of Financial Reports

The Committee considered the auditor's report, quarterly reviewed financial statements and the annual financial statements audited by the Company's auditor and has an opinion that the Company's financial reports are accurate, complete and reliable.

The Adequacy of Internal Control System

The Committee evaluated the adequacy of the Company's internal control system including the consideration of the internal audit report and has an opinion that the Company's internal control system is adequate, appropriate and satisfactory.

The Compliance with Laws and Relevant regulations

The Committee considered the Company's operation and has an opinion that the Company complies with the Securities and Exchange Acts, the regulations of the Stock Exchange, or any laws regarding to the Company's business correctly and appropriately.

The Appropriateness of Auditor

The Committee considered the independence and appropriateness of auditor and their remuneration and has the resolution to propose to appoint Mr. Sathien Vongsanan, CPA license no. 3495 or Mr. Atipong Atipongsakul, CPA license no. 3500 or Mr. Vichai Ruchitanont, CPA license no. 4054 from ANS Audit Co., Ltd. as the auditor of the Company and subsidiaries for the year 2017 and to propose this appointment for approval to the Board of Director and the Annual General Shareholders' Meeting for year 2017.

Transaction that may cause Conflict of Interest

The Committee considered the connected transactions or transaction that may cause conflict of interest every quarter and has an opinion that the connected transactions for the year 2016 were in the ordinary business condition, reasonable and most beneficial to the Company. In addition, the Committee has not found any transaction that may cause Conflict of Interest which may materially affect the Company's financial position and operating result.

Meeting and Attendance of meeting of Audit Committee

During the year 2016, there are 4 meetings and the statistic of the attendance of meeting for each member is as follow:

Name	Total Meeting	Attendance
1. Dr. Ranchana Rajatanavin (Chairman of Audit Committee)	4	4
2. Mr. Narongrit Rerkpattanapipat (Audit Committee Member)	4	4
3. Ms. Kanwara Aурpokaiyakul (Audit Committee Member)	4	4

Comment or Notice from performing on duty

The Committee has not found or noticed any transaction or action that may materially affect the Company's financial position and operating result.



Ranchana Rajatanavin, Ph.D.
Chairman of Audit Committee

Connected transactions

Connected transactions in which occurred during the year 2016 and 2015

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2016	2015	31 Dec 2016	31 Dec 2015	
Grand-Flo Electronic System Sdn. Bhd.	A subsidiary of Grand-Flo Solution Berhad (100% holding)	Purchase of hardware (A/P-trade)	-	-	-	-	Goods that a subsidiary company in Malaysia purchased from Grand-flo are the hardware products to be sold to customer which purchases under normal business condition Other expenses charged at cost by Grand-flo were the accommodation expenses regarding to the arrangement of sales conference or any other trainings at Malaysia. Audit committees' comment is that these expenses deemed reasonable.
		Other expenses (A/P-others)	-	-	-	851,043	
Grand-flo Spritvest Sdn. Bhd.	A subsidiary of Grand-Flo Solution Berhad (100% holding)	Sales of Hardware (A/R-trade)	-	-	-	685,817	Goods that the Company and a subsidiary company in Malaysia sold to Grand-flo are the hardware products which sells under normal business condition
		Purchase of Hardware (A/P-Trade)	-	-	-	31,671	Goods that the Company and a subsidiary company in Malaysia purchased from Grand-flo are the hardware products to be sold to customer which purchases under normal business condition
		Other receivable	-	-	354,901	623,443	Goods that the subsidiary company in Malaysia sold to Grand-flo are the hardware products to be sold to customer which purchases under normal business condition
Sino Trading and Services Corporation	An associate of the Company (40% holding)	Dividend income (Dividend receivable)	-	1,800,000	-	-	Dividend for the operating result from associated company.
Kopacklabels	A subsidiary of	Sales	-	-	-	-	Simat Label (subsidiary) sold goods which sell at market price. Audit committees'

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2016	2015	31 Dec 2016	31 Dec 2015	
Press Sdn., Bhd.	Label Network (100% holding)	(Trade A/R) Purchase of supplies	-	-	-	52,115	comment is that these sales deemed reasonable. Simat Label (subsidiary) purchased supplies and samples for label production which buy at market price. Audit committees' comment is that these expenses deemed reasonable.
Grand-Flo Solution Berhad	A major shareholder of the Company (19.91% holding)	Advance (Other receivables)	-	-	-	40,801	The Company paid the legal fee on behalf of Grand-flo Solution which Grand-flo will pay back to the Company.
Mr. Ling Chee Kiat	Director and shareholder of E-Tech IT (subsidiary)	Guarantee and loan from director with no interest charge	-	-	673,556	707,982	A subsidiary company in Malaysia received guarantee cash amounting Baht 37.22 million to guarantee the long outstanding debtor balance and the remaining is the loan from director with no interest charge. The major transaction is the guarantee money from the minority shareholder, Then, on September 26, 2014, there is a debt settlement contract between the related person and E-Tech IT Sdn, Bhd. (subsidiary) to offset the long outstanding debtor balance with the guarantee cash from Mr. Ling Chee Kiat about Baht 36.10 million (31 December 2013: Baht 37.22 million) that uses this money to guarantee for the long outstanding debtor balance which incurs before the Company acquired this subsidiary. Audit committees' comment is that this transaction deemed reasonable since it protect the benefit of the shareholders.

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2016	2015	31 Dec 2016	31 Dec 2015	
Mr. Thongkam Manasilapapan	Director	Short-term loan	-	-	-	15,000,000	The Company received financial support from loan from director at interest rate of 6% per annum. Audit committees' comment is that this transaction deemed reasonable since it protect the benefit of the shareholders.
		Interest expense	-	718,356	-	-	

Measures or Procedures for Related Transaction Approval

The approval of related transactions shall be in accordance with the laws regarding securities and the stock exchange and regulations, notifications, orders or rules of SET. A person who may have any conflict of interest in the related transactions shall not be allowed to participate in an approval of such transactions.

However, it is necessary for the Company to sell and buy products to/from a related company, therefore, the Board of Directors has established a pricing policy for such transaction as follows:

- (1) Purchases of products from a related company shall comply with the normal trade practice with appropriate prices and conditions. However, the purchasing price shall not be higher than the price that the Company can purchase from other distributors.
- (2) Sale of products to a related company shall comply with the normal trade practice. The Company will sell products to the related company at the price equal to cost plus contribution margin which is not lower than the profit that the Company can make from selling products to other customers.
- (3) Sale of products to a related company, in case that the products are obsolete and cannot be sold to other customers, the Company shall sell such products at the market price of products similar conditions at that time. Selling of obsolete products shall be determined upon the necessity and in the interest of the Company.
- (4) Trading of goods and services between the Company and the related company, in case that there is a joint purchasing from a distributor in order to get a lower price. Such goods and services shall be traded among themselves at the cost price plus transportation cost, tax or other actual necessary expenses.

Related transactions that may occur will have similar conditions with the normal trade practice with reference to appropriate prices and market conditions. However, the Company and/or the Company group shall invite the Audit Committee and/or independent directors to comment on the price including the necessity and appropriateness of such transaction. If there is any transaction related to any person who might has a conflict of interest with the Company in the future, the Company shall perform in accordance with regulations, notifications, and/or rules of the Office of the SEC and/or the SET. The Company may invite an independent specialist or an auditor of the Company to make a comment on such transaction to supplement the Board of Directors or shareholders determination, depending on the circumstance. At all events, the Company group will disclose related transactions in the supplementary notes to the financial statement which is audited by the auditor of the Company.

Significant Financial Information

Consolidated Balance Sheet Unit: Million Baht	2016		2015		2014		Change			
							2016/2015		2015/2014	
Assets										
Current assets										
Cash and cash equivalent	60	4%	58	4%	25	2%	2	3%	33	132%
Trade and other debtors - net	250	17%	305	22%	335	25%	(55)	-18%	(30)	-9%
Inventories - net	155	10%	73	5%	121	9%	82	112%	(48)	-40%
Total current assets	465	31%	436	32%	481	36%	29	7%	(45)	-9%
Non-current asset										
Restricted deposit with financial institution	152	10%	132	10%	118	9%	20	15%	14	12%
Investment in associate	31	2%	29	2%	28	2%	2	7%	1	4%
Plant, property and equipment - net	143	10%	124	9%	129	10%	19	15%	(5)	-4%
Optical fiber network and equipment	610	41%	582	43%	520	39%	28	5%	62	12%
Goodwill	45	3%	45	3%	45	3%	-	0%	-	0%
Other non-current assets	31	2%	18	1%	11	1%	13	72%	7	64%
Total non-current assets	1,012	69%	930	68%	851	64%	82	9%	79	9%
Total assets	1,477	100%	1,366	100%	1,332	100%	111	8%	34	3%
Liabilities and shareholder's equity										
Liabilities										
Current liabilities										
Bank over-draft and short-term loan	267	18%	190	14%	175	13%	77	41%	15	9%
Trade and other creditors	306	21%	251	18%	279	21%	55	22%	(28)	-10%
Current portion of financial lease liabilities due within 1 year	35	2%	13	1%	7	1%	22	169%	6	86%
Current portion of long-term loan due within 1 year	60	4%	35	3%	14	1%	25	71%	21	150%
Current portion of payable for purchase of investment due within 1 year	-	0%	15	1%	-	0%	(15)	n/a	15	n/a
Other current liabilities	12	1%	5	0%	2	0%	7	140%	3	150%
Total current liabilities	680	46%	509	37%	477	36%	171	34%	32	7%
Non-current liabilities										
Financial lease liabilities - net	27	2%	17	1%	12	1%	10	59%	5	42%
Long-term loan - net	80	5%	142	10%	160	12%	(62)	-44%	(18)	-11%
Other non-current liabilities	12	1%	10	1%	7	1%	2	20%	3	43%
Total non-current liabilities	119	8%	169	12%	179	13%	(50)	-30%	(10)	-6%
Total liabilities	799	54%	678	50%	656	49%	121	18%	22	3%
Shareholder's equity										
Paid-up share capital	396	27%	394	29%	371	28%	2	1%	23	6%
Paid-in capital in excess of par	309	21%	307	22%	221	17%	2	1%	86	39%
Legal reserve	15	1%	15	1%	15	1%	-	0%	-	0%
Unappropriated retained earnings	(66)	-4%	(55)	-4%	26	2%	(11)	20%	(81)	-312%
Other components	(9)	-1%	(7)	-1%	1	0%	(2)	29%	(8)	-800%
Total equity of the parent company	645	44%	654	48%	634	48%	(9)	-1%	20	3%
Non-controlling interests	33	2%	34	2%	42	3%	(1)	-3%	(8)	-19%
Total shareholder's equity	678	46%	688	50%	676	51%	(10)	-1%	12	2%
Total liabilities and shareholder's equity	1,477	100%	1,366	100%	1,332	100%	111	8%	34	3%

Income Statements Unit: Million Baht	2016		2015		2014		Change			
							2016/2015		2015/2014	
Revenue from sales and services	1,273	100%	1,391	100%	1,304	100%	(118)	-8%	87	7%
Cost of sales and services	(1,041)	-82%	(1,232)	-89%	(1,169)	-90%	191	-16%	(63)	5%
Gross profit	232	18%	159	11%	135	10%	73	46%	24	18%
Other income	7	1%	6	0%	10	1%	1	17%	(4)	-40%
Selling and administrative expenses	(216)	-17%	(204)	-15%	(177)	-14%	(12)	6%	(27)	15%
Profit before financial cost and income tax	23	2%	(39)	-3%	(32)	-2%	62	-159%	(7)	22%
Financial cost	(26)	-2%	(29)	-2%	(20)	-2%	3	-10%	(9)	45%
Share of profit from associate	1	0%	3	0%	3	0%	(2)	-67%	-	0%
Profit before income tax	(2)	0%	(65)	-5%	(49)	-4%	63	-97%	(16)	33%
Income tax	(0)	0%	(11)	-1%	(2)	0%	11	-97%	(9)	450%
Net profit	(2)	0%	(76)	-5%	(51)	-4%	74	-97%	(25)	49%
Portion of non-controlling interest	(9)	-1%	(4)	0%	(4)	0%	(5)	125%	-	0%
Portion of equity holder of the Company	(11)	-1%	(80)	-6%	(55)	-4%	69	-86%	(25)	45%

Operating result by business segment	Total Information Technologies Solution Services	Production and Sales of Label Product	Internet Broadband - Upcountry	Internet Broadband - Bangkok Metropolitan	Total Domestic	Wholesale of computer equipments in Malaysia	Total
Unit: Million baht							
Year 2016							
Revenue from sales and services	101	313	131	17	562	710	1,272
Cost of sales and services	(54)	(202)	(117)	(16)	(389)	(643)	(1,032)
Gross profit	47	111	14	1	173	67	240
Other income	(0)	1	1	0	2	5	7
Selling and administrative expenses	(71)	(33)	(51)	(9)	(164)	(57)	(221)
Profit before financial cost and income tax	(24)	79	(36)	(8)	11	15	26
Financial cost	(5)	(2)	(7)	(1)	(15)	(14)	(29)
Share of profit from associate	1	-	-	-	1	-	1
Profit before income tax	(28)	77	(43)	(9)	(3)	1	(2)
Income tax	16	(15)	-	-	1	(1)	-
Net profit	(12)	62	(43)	(9)	(2)	-	(2)
Portion of equity holder of the Company							(11)
Year 2015							
Revenue from sales and services	233	161	64	1	459	933	1,392
Cost of sales and services	(180)	(110)	(85)	(2)	(377)	(856)	(1,233)
Gross profit	53	51	(21)	(1)	82	77	159
Other income	-	-	1	-	1	5	6
Selling and administrative expenses	(79)	(23)	(45)	(2)	(149)	(55)	(204)
Profit before financial cost and income tax	(26)	28	(65)	(3)	(66)	27	(39)
Financial cost	(2)	(1)	(8)	-	(11)	(18)	(29)
Share of profit from associate	3	-	-	-	3	-	3
Profit before income tax	(25)	27	(73)	(3)	(74)	9	(65)
Income tax	-	(6)	-	-	(6)	(5)	(11)
Net profit	(25)	21	(73)	(3)	(80)	4	(76)
Portion of equity holder of the Company							(80)
Year 2014							
Revenue from sales and services	274	114	18	-	406	898	1,304
Cost of sales and services	(213)	(78)	(41)	-	(332)	(837)	(1,169)
Gross profit	61	36	(23)	-	74	61	135
Other income	-	-	-	-	-	10	10
Selling and administrative expenses	(75)	(17)	(26)	-	(118)	(59)	(177)
Profit before financial cost and income tax	(14)	19	(49)	-	(44)	12	(32)
Financial cost	(2)	(1)	(8)	-	(11)	(9)	(20)
Share of profit from associate	3	-	-	-	3	-	3
Profit before income tax	(13)	18	(57)	-	(52)	3	(49)
Income tax	1	(4)	-	-	(3)	1	(2)
Net profit	(12)	14	(57)	-	(55)	4	(51)
Portion of equity holder of the Company							(55)

Total IT Solution Services	2016		2015		2014		Change			
							2016/2015		2015/2014	
Revenue	101	100%	233	100%	274	100%	(132)	-57%	(41)	-15%
Gross profit	47	47%	53	23%	61	22%	(6)	-11%	(8)	-13%
Net profit	(12)	-12%	(25)	-11%	(12)	-4%	13	-52%	(13)	108%

Production and Sales of Label Product	2016		2015		2014		Change			
							2016/2015		2015/2014	
Revenue	313	100%	161	100%	114	100%	152	94%	47	41%
Gross profit	111	35%	51	32%	36	32%	60	118%	15	42%
Net profit	62	20%	21	13%	14	12%	41	195%	7	50%

Internet Broadband	2016		2015		2014		Change			
							2016/2015		2015/2014	
Revenue	148	100%	65	100%	18	100%	83	128%	47	261%
Gross profit	15	10%	(22)	-34%	(23)	-128%	37	-168%	1	-4%
Net profit	(52)	-35%	(76)	-117%	(57)	-317%	24	-32%	(19)	33%

Wholesale of computer equipments in Malaysia	2016		2015		2014		Change			
							2016/2015		2015/2014	
Revenue	710	100%	933	100%	898	100%	(223)	-24%	35	4%
Gross profit	67	9%	77	8%	61	7%	(10)	-13%	16	26%
Net profit	-	0%	4	0.4%	4	0%	(4)	-100%	-	0%

Significant Financial Ratio	Unit	2016	2015	2014	Explanation
Liquidity Ratio					Liquidity ration is less than 1 time which represents the short-term of liquidity problem as current asset is less than current liability. However, the Company has reserved the cash inflow to repay of current liabilities which is being due from cash received from contract of sale and implement ERP system project with Government Housing Bank (GHB) and the cash dividend from subsidiaries.
Current Ratio	time	0.68	0.86	1.01	
Assets Utilization Ratio					Accounts receivable and accounts payable turnover were closed to the prior year. Inventory turnover is less than prior year due there is a lot of hardwares purchase at the end of the year which belongs to the sale and implement ERP system project with GHB.
Accounts Receivable Turnover	time	5.12	4.79	4.74	
Average Collection Period	day	71	76	77	
Inventory Turnover	time	9.13	12.70	9.99	
Average Sales Period	day	40	29	37	
Accounts Payable Turnover	time	5.88	6.47	6.91	
Average Payment Period	day	62	56	53	
Leverage Ratio					The ability to pay interest improves as the profitability increases as the IT solution business and the broadband internet business have operating loss less than prior year. Moreover, the profit of label business of a subsidiary increases 3 times of prior year. The debt to equity ratio is at the normal range (1 time).
Time Interest Earned	time	0.88	(1.34)	(1.60)	
Debt to Equity	time	1.18	0.99	0.97	
Profitability Ratio					The ability to generate profit increases significantly due to the IT solution business and the broadband internet business have operating loss less than prior year and the profit of label business of a subsidiary increases 3 times of prior year.
Gross Profit Margin	%	18%	11%	10%	
Net Profit Margin	%	0%	-5%	-4%	
Return on Assets	%	0%	-6%	-4%	
Return on Equity	%	-2%	-12%	-9%	
Basic earnings per share	Baht	(0.01)	(0.21)	(0.16)	

Management Discussion and Analysis

Economic Overview

In 2016, the Thai economy grew by 3.2 percent, improving from 2.9 percent in 2015. Private consumption, public and private investment expanded by 3.1, 9.9, and 0.4 percent respectively. Export value was null with 0.0 growth. Meanwhile, the inflation rate was 0.2 percent and the current account registered a surplus of 11.4 percent to GDP.

The outlook for 2017, the Thai economy is projected to grow by 3.0 – 4.0 percent, supported by

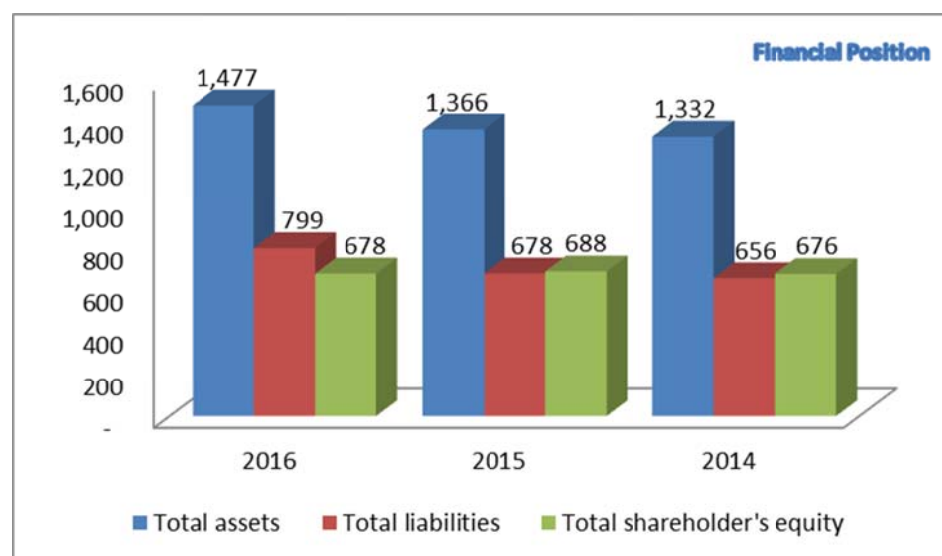
- (i) an expansion of the export sector which will further support the recovery of the manufacturing production and private investment,
- (ii) an acceleration of the agricultural production and farm income which will support the expansion of household consumption,
- (iii) an acceleration of public investment
- (iv) the 190-billion-baht supplementary budget in the fiscal year 2017, and
- (v) the favorable expansion of tourism receipts.

It is expected that value of export of goods will grow by 2.9 percent, private consumption and total investment will grow by 2.8 and 5.3 percent respectively. The headline inflation rate will be in the range of 1.2 – 2.2 percent and the current account will record a surplus of 9.4 percent to GDP.

(Source: Macroeconomic Strategy and Planning Office)

Overview of the Company's Financial Position and Operating result

Financial Position

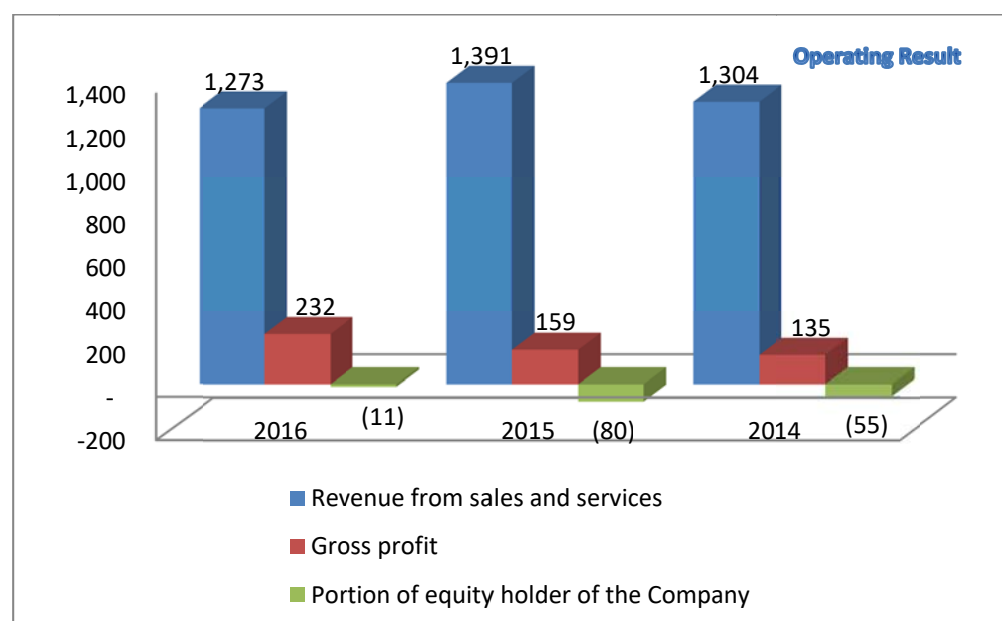


- Total assets as at 31 December 2016 increases from prior year about Baht 111 million or 8% due to the followings:
 - Trade and other receivables decreases about Baht 55 million or 18% from prior year due to, at year-end 2016, the accounts receivable balance of a subsidiary in Malaysia decreased as the delivery of hardware to government project has been postponed to Quarter 1-2017.
 - The increase in ending inventories about Baht 82 million included the work in process of the sale and implementation of ERP system to Government Housing Bank (GHB) which occurred at end of year 2016.
 - The restricted deposit with financial institution increased Baht 20 million or 15% due to the increase in fixed deposits to accommodate the bank guarantee facilities issued for the contract of sale and implementation of ERP system to GHB.
 - Optical fiber network and equipment for broadband business increased about Baht 28 million or 5% from prior year because there is an additional purchase of equipment to ensure the completeness of the network and the increase of the terminal equipment installed at customer's site according to the increase of accumulated subscribers.

- Total liabilities as at 31 December 2016 increased about Baht 121 million or 18% from prior year due to the followings:
 - To support the Company's working capital for Broadband business and the investment in fiber optic equipment by loan from bank and Bills of exchange.
 - To support the investment of hardware to install and delivery in Quarter 1-2017 for the sale and implementation of ERP system to GHB.
 - Income tax payable and dividend payable increases in subsidiary account (Simat label) as the net profit of Simat Label increased significantly and the interim dividend payable to shareholders of Simat Label.

- Total shareholder's equity as at 31 December 2016 decreased about Baht 10 million or 1% from prior year due to the net operating loss for the year 2016.

Operating Result



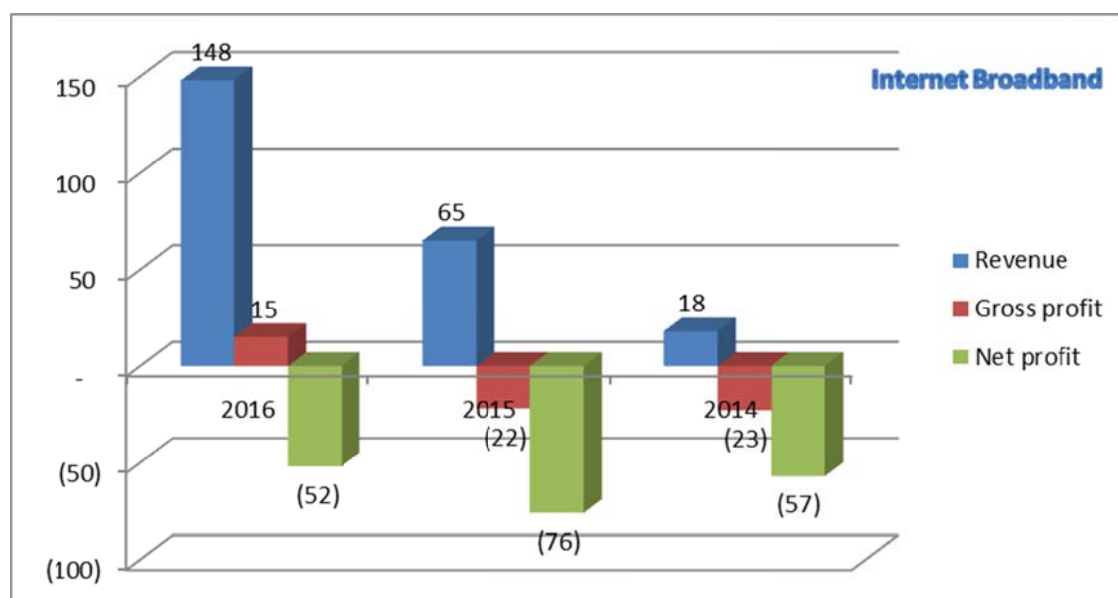
12-month unit: million Baht	Thailand					Malaysia	Total
	IT Solution	Label	Broadband Internet			Wholesale of hardware computer	
			Upcountry	Bangkok Metro	Total		
Jan - Dec 2016							
Revenue	101.5	312.8	131.1	17.0	148.1	710.0	1,272.5
Gross profit	40.1	109.3	14.0	1.0	15.0	67.0	231.4
Net profit	(11.0)	61.7	(43.2)	(9.6)	(52.8)	(0.0)	(2.2)
Portion of parent company							<u>(11.0)</u>
Jan - Dec 2015							
Revenue	232.9	161.0	63.7	0.9	64.6	932.9	1,391.4
Gross profit	53.1	51.0	(21.6)	(0.9)	(22.5)	77.1	158.6
Net profit	(24.7)	21.2	(73.2)	(3.0)	(76.2)	3.8	(75.8)
Portion of parent company							<u>(80.3)</u>

Summary

The consolidated net loss (portion of the parent company) for the year 2016 is Baht 11.0 million while the net loss for the prior year is Baht 75.8 million. The overall operating result for the year 2016 has been significantly improved from the prior year about Baht 69.3 million or 86% due to the high increase in profit of Label Business of subsidiary company (86% shareholding) amounting to Baht 40.4 million or 190% from the double increase of purchase order of the smart phone customer group and the decrease in net loss of the Company's business including IT business and Broadband Internet business.

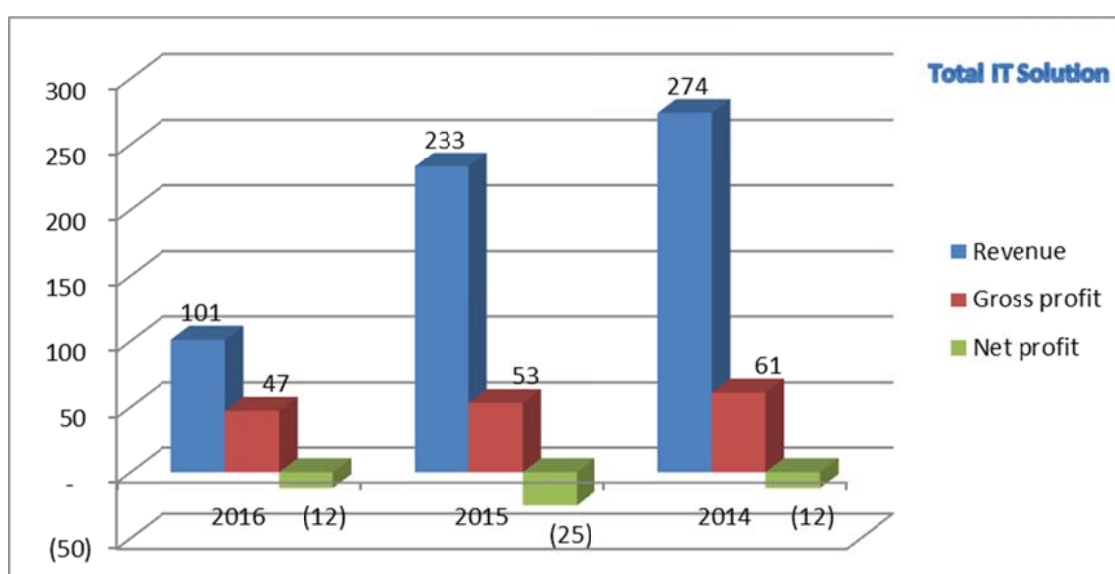
Although the operating result for the year 2016 is improved significantly, the operating result for the year is still loss since the broadband internet business segment has not reached the break-even point in term of net profit and there is the net loss from the IT Solution business which is the old business and in the process of business restructure to support the government project.

However, in 2017, the Company expected that the operating result will turn to profit due to the IT business will have more revenue and profit from the new big project which is the contract of development implementation and maintenance of Enterprise Resource Planning (ERP) and HR system with Government Housing Bank (GHB) and will start recognize revenue and profit of this project in quarter 1, 2017 onward since the installation and delivery of hardware completed in February 2017. Moreover, the operating result of Broadband internet business improve significantly in quarter 4 from the cost reduction plan and the increase of accumulated subscribers and the net loss for quarter 4 is Baht 10.0 million which loss declines Baht 4.5 million from prior quarter (net loss for Q3 is Baht 14.5 million). The company expects that the broadband internet business will reach the break-even point and start profit within year 2017.



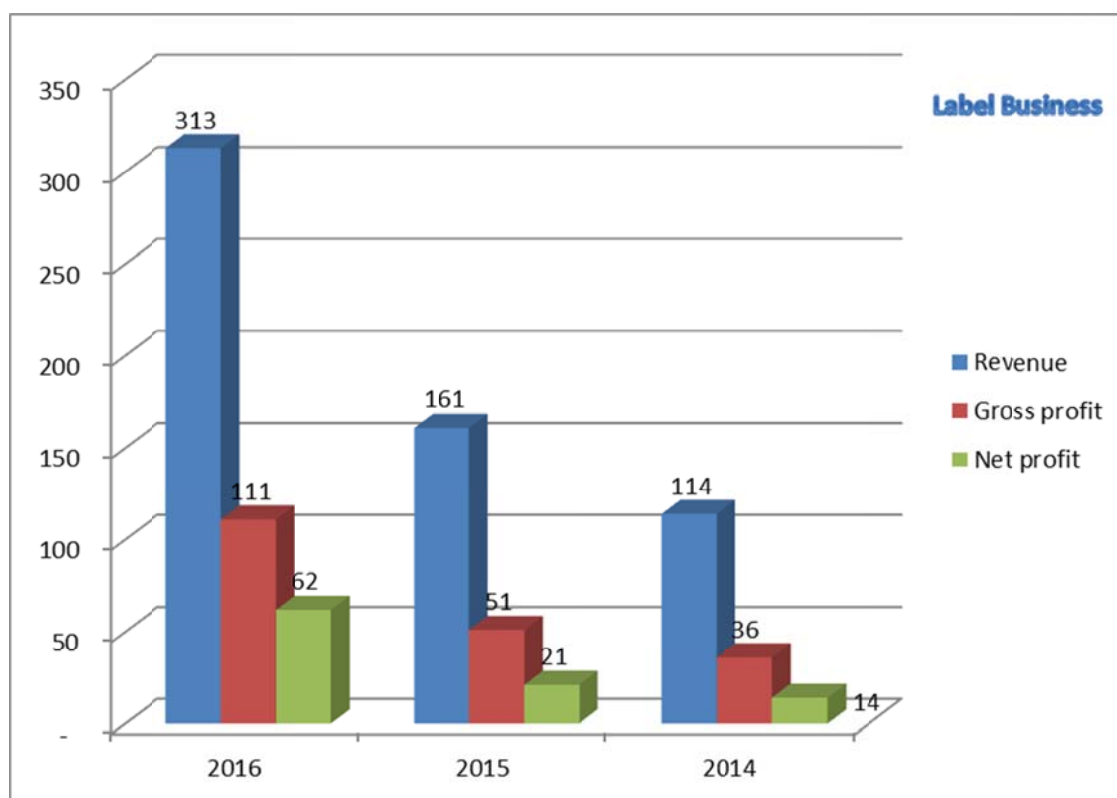
- For the main business, the net loss of Broadband Internet business for the year 2016 and 2015 are Baht 52.8 million and Baht 76.2 million, respectively which improved from prior year about Baht 23.4 million or 31% as the number of new subscriber (net) increases continuously about 1,000 subscribers a month. The accumulated subscriber as at 31 December 2016 and 2015 are 25,500 subscribers and 13,800

subscribers, respectively. The Company expects that this business will improve significantly in quarter 4 from the cost reduction of fixed cost and the increase of accumulated subscribers. Moreover, the Company also adjusts the sale and marketing strategies by focus on internet service for small and medium size of building with the model of total solution service including hardware installation, software application and maintenance and the Company will be sole internet provider of the building. By this model, it requires small investment but high profit and difficult to enter by competitor. By the way, the Company also focuses on improving high quality and service for the internet service for Home-Use and to expand market to cover more various target customer groups.

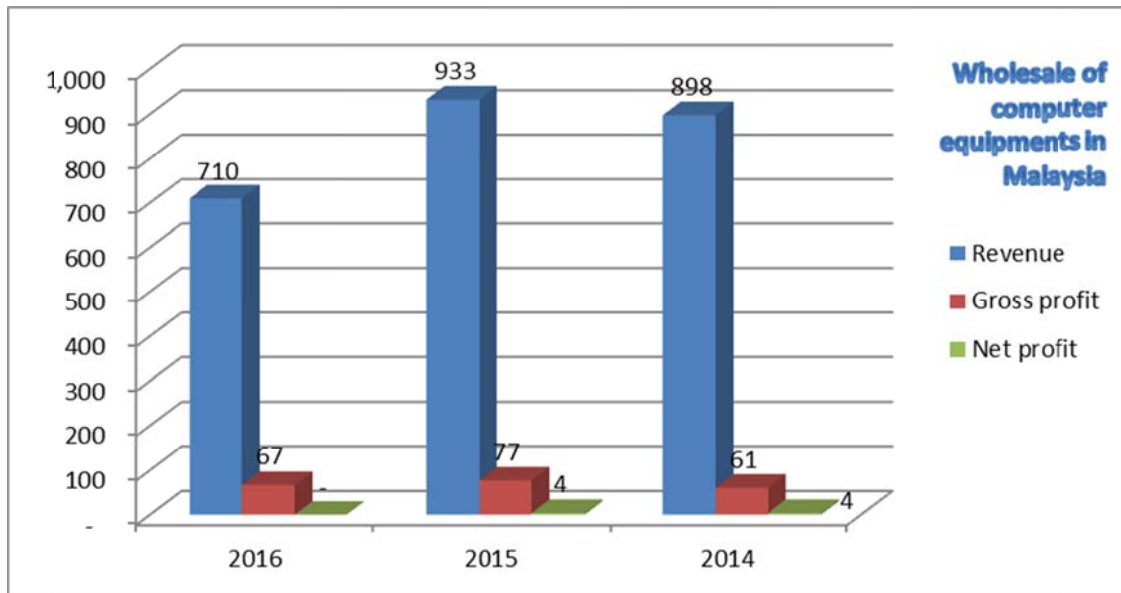


- For the existing old business, IT Solution Business, the total revenue decreases about 60% from prior year but the net operating loss decreases from Baht 24.7 million in year 2015 to Baht 11.0 million in year 2016.
 - The decrease in revenue from prior year come from the reduction of sale from a large customer in retail business as the hardware sale and maintenance service contract had expired and the Company decided not to submit the proposal to renew the contract since the condition of the new contract is considered as low margin and not worth for investment. The Company realizes that this business is not growing well as long as the hardware price is going down therefore the Company decided to diversify the business risk by downsizing this business to retain only the good margin customers and focusing on the IT project auction of governmental unit and large private enterprise in form of joint venture with business partner for the IT project that requires specific expertise such as the implementation of ERP system.
 - The net loss decreases due to the recognition of deferred tax asset amounting to Baht 15.8 million from the estimate that the Company will utilize the tax privilege for the taxable loss carried forward as the Company believe that the operating result of year 2017 will be positive from the recognition of revenue and profit of GHB project, the improvement on broadband operating result and reaching break-even point and the chance to win the lawsuit against CAT Telecom

Public Company Limited ("CAT") to claim damages in the amount of Baht 665 million for the breach of the operating lease of optical fiber network system contracts. Moreover, in Quarter 4 year 2016, the Company allocates expenses incurred in year 2016 which are directly related to the GHB project such as payroll, consulting fee, wiring and overhead to Work in Process amounting to Baht 11.5 million. Work in Process will be recognized as expense together with the revenue recognition of GHB project which shall start recognizing revenue in Quarter 1' 2017 onward.



- For the Label Business, the revenue increases Baht 151.8 million or 94% and net profit increases Baht 40.4 million or 190% from prior year. In this year, the Company receives the big order from customer in manufacturing of smart phone. The significant increase of production capacity and sale started since quarter 2. The Company expects that the revenue and net profit of this business will grow significantly in year 2017 from expanding the factory to increase the production capacity and less reliance on outsource which has higher cost than Company own production about 20%. In addition, the precision stamping business can apply for income tax exemption for 3 years and income tax discount 50% for 5 years from BOI. The income tax exemption is applied in March 2017 onward.



- For wholesale of computer hardware in Malaysia, in year 2016, the operating result declines significantly from prior year so the Malaysia government cut down the investment budget in IT business. However, in year 2017, the Company expects that the operating result will improve since the subsidiary received the big government project for delivery of computer hardware to Tenaga National Berhad with the project value of Ringgit 45 Million which will be recognized the whole project revenue within year 2017.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

AUDITOR'S REPORT

To the Shareholders of Simat Technologies Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Simat Technologies Public Company Limited and its subsidiaries, and of Simat Technologies Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2016, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and note to the financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position as at December 31, 2016 and the consolidated and separate financial performance and cash flows for the year then ended of Simat Technologies Public Company Limited and its subsidiaries, and of Simat Technologies Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards (TFRS).

Basis for Opinion

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

Key Audit Matters

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

Carrying amounts of fiber optic equipment**Risk**

According to Note to Financial Statements No.15, the Company invested in fiber optic network equipment with a net book value of Baht 610 million as at December 31, 2016, The Company started a broadband internet service via the fiber optic network equipment in late 2013. Currently, the Company has not reached a breakeven point with the broadband internet service. The carrying amount of the equipment depends on the future economic benefits from the operations. Determination of the net realizable value of the equipment requires significant judgment by Management.

Auditor's response

I inquired with Management and obtained an understanding of the Company's policy to determine the allowance for impairment of the fiber optic network equipment. I also considered the appropriateness of the allowance for impairment of the fiber optic network equipment by verifying Management's cash flow projection. Such verification of the cash flow projection, included an assessment of the appropriateness of significant assumptions made by Management, such as customer growth rates, internet service rate, other expense projections, and the discount rate.

Valuation of goodwill**Risk**

According to Note to Financial Statements No.11, the Group Company had goodwill exceeding the fair value of the identifiable net assets in the total amount of Baht 45 million in consolidated financial statements for a subsidiary acquired by the company. Evaluation of the impairment of goodwill requires significant judgment by Management.

Auditor's response

I assessed the appropriateness of the goodwill's net book value by considering the cash flow projection prepared by Management of the subsidiary. I assessed the reasonableness of Management's significant assumptions by comparing the growth rate of the revenues and expenses with the current and historical data, and by comparing the discount rate with the Company's weighted average cost of capital.

Allowance for doubtful accounts**Risk**

According to Note to Financial Statements No.6, a subsidiary in Malaysia had a net balance of trade receivables, as at December 31, 2016, of RM 19 million (equivalent to Baht 151 million) that comprised a balance of trade receivables for more than 1 year in the amount of RM 5.35 million (equivalent to Baht 42.19 million). Management provided an allowance for doubtful accounts base on the ages of the receivables and historical data about the payment from each account receivable in order to reflect its recoverable amounts. The allowance for the doubtful accounts requires significant judgment by the subsidiary's Management.

Auditor's response

I reviewed the working paper that was prepared by the auditor of the subsidiary in Malaysia (the component auditor). The component auditor tested the appropriateness of aging reports prepared by the subsidiary's management by calculation of account receivables aging. The component auditor then checked the recoverability of outstanding receivables through examination of subsequent cash receipts. In addition, I inquired with the component auditor and Management of the subsidiary to obtain an understanding of the nature of the accounts receivable and consider the appropriateness of the subsidiary's policy for the allowance for doubtful account base on the ages of each account receivable as per the aging report. I then considered the appropriateness of the supporting evidence used to determine accounts receivable as being overdue for more than 1 year and their future collectability.

Deferred tax assets**Risk**

According to Note to Financial Statements No.16, the Company has deferred tax assets from tax losses in the amount of Baht 15 million. The utilization of deferred tax assets is based on the future results of operations and its tax planning. This requires significant judgment by Management.

Auditor's response

I verified net realizable value of the deferred tax assets by assessing the appropriateness of the forecasted pre-tax profit used for the planned utilization of deferred tax assets based on review of the significant assumptions used by Management for its forecast of its pre-tax profit. I also compared the forecasted revenue growth rate and the change in forecasted expenses with the current and historical data. Then, I tested the computation of the deferred tax assets.

Emphasis of matters

I draw attention to the followings Notes to Financial Statements No. 15. On February 22, 2013, the Company cancelled the service contract for rental of optical fiber cable network equipment in Nakorn Ratchasima and Chiang Mai provinces with CAT Telecom Public Company Limited ("CAT"). As a result, the Company is now a service provider instead of a lessor. In addition, the Company has filed a lawsuit against CAT as discussed in Note 35 to the financial statements. My opinion is not modified with respect to this matter.

Other information

Management is responsible for the other information. The other information comprises the information contain in Annual Report for the year 2016 but does not include the consolidated and separate financial statements and the auditor's report thereon. The Annual report for the year 2016 is expected to be made available to the auditor after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. A description of an audit is provided in the attached Appendix.

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

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

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



Sathien Vongsnan

Certified Public Accountant Registration Number 3495

ANS Audit Company Limited

Bangkok, February 28, 2017

Appendix

My practice includes the following:

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

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

		Unit: Thousands Baht				
		CONSOLIDATED F/S		SEPARATE F/S		
Notes		2016	2015	2016	2015	
ASSETS						
CURRENT ASSETS						
	Cash and cash equivalents	5	59,849	57,990	44,014	9,120
	Trade and other receivables - net	6,7	250,267	304,486	68,702	63,504
	Loan to related companies	7	-	-	4,503	7,411
	Inventories - net	8	154,517	73,303	97,526	23,480
	Total Current Assets		464,633	435,779	214,745	103,515
NON-CURRENT ASSETS						
	Restricted deposits with banks	9,17,19	152,331	131,839	24,250	13,750
	Investments in associated company	10	30,861	29,538	21,274	21,274
	Investments in subsidiary companies	11	-	-	96,955	96,955
	Property and equipment - net	12	141,514	122,867	12,804	20,602
	Equipment and computer software					
	for lease - net	13	1	4	1	4
	Software development cost for sales	14	1,192	939	143	807
	Fiber optic network equipment	15	610,028	582,461	610,028	582,461
	Goodwill	11	44,693	44,693	-	-
	Deferred tax assets	16	21,038	4,054	20,027	4,054
	Deposits		6,250	9,561	5,372	8,388
	Other non-current assets		4,171	4,643	4,171	4,643
	Total Non-Current Assets		1,012,079	930,599	795,025	752,938
	TOTAL ASSETS		1,476,712	1,366,378	1,009,770	856,453

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

		Unit: Thousands Baht			
		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdraft and short-term loan from					
financial institution	17	132,456	189,825	2,766	8,819
Short-term loans from a company and other persons	22	135,000	-	135,000	-
Trade and other payables	7,18	305,916	251,409	123,906	63,614
Current portion of liabilities under					
financial lease and hire purchase agreements	20	34,658	13,289	25,039	5,939
Current portion of long-term loan from					
financial institutions	21	59,875	34,572	58,239	33,000
Loan from related company and director	7	-	15,000	-	17,000
Accrued income tax		12,250	4,770	-	-
Total Current Liabilities		680,155	508,865	344,950	128,372
NON-CURRENT LIABILITIES					
Liabilities under financial lease and hire purchase					
agreements - net	20	27,144	16,792	19,372	8,712
Long-term loan - net	21	80,345	142,623	38,088	96,560
Deferred tax liabilities	16	954	622	-	-
Provision for employee benefit	23	10,619	9,130	9,073	8,134
Total Non-Current Liabilities		119,062	169,167	66,533	113,406
TOTAL LIABILITIES		799,217	678,032	411,483	241,778

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

		Unit: Thousands Baht			
		CONSOLIDATED F/S		SEPARATE F/S	
Notes		2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS EQUITY					
Share capital					
	Registered	24			
	Common shares 477,234,076 shares of Baht 1 each	477,234	480,534	477,234	480,534
	(December 31, 2015 : Common shares 480,534,076 shares of Baht 1 each)				
	Issued and fully paid-up	24			
	Common shares 395,742,431 shares of Baht 1 each	395,742	394,139	395,742	394,139
	(December 31, 2015 : Common shares 394,138,985 shares of Baht 1 each)				
	Paid in capital in excess of par value	308,863	307,234	308,863	307,234
	Reserve for share-based payments	34	2,228	2,614	2,228
	Discount on capital from change in proportion of investment in subsidiary company	(2,314)	(2,314)	-	-
Retained earnings					
Appropriated					
	Legal reserve	25	15,141	15,141	15,141
	Unappropriated	(65,737)	(54,758)	(123,687)	(104,453)
Other components of equity					
	Currency translation differences	(9,436)	(7,317)	-	-
	Total equity of the parent company	644,487	654,739	598,287	614,675
	Non-controlling interests	33,008	33,607	-	-
	TOTAL SHAREHOLDERS EQUITY	677,495	688,346	598,287	614,675
	TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,476,712	1,366,378	1,009,770	856,453

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2016

		Unit: Thousands Baht			
		CONSOLIDATED F/S		SEPARATE F/S	
Notes		2016	2015	2016	2015
Revenues	7,30				
Revenues from sales and services		1,272,486	1,391,365	243,095	296,191
Cost of sales and services	7,23,26	(1,041,081)	(1,232,751)	(196,694)	(264,356)
Gross profit		231,405	158,614	46,401	31,835
Dividend income	7,10,11	-	-	51,529	15,338
Gain (loss) on exchange rate		518	(1,527)	175	(706)
Other income	7	6,752	7,373	7,053	7,440
Selling expenses	7,23,26	(51,626)	(49,096)	(34,652)	(31,361)
Administrative expenses	7,23,26	(164,111)	(154,814)	(93,683)	(98,190)
Finance cost	7	(26,169)	(28,570)	(12,030)	(10,189)
Equity in net income of associated company	10	1,322	3,153	-	-
Profit (loss) before income tax		(1,909)	(64,867)	(35,207)	(85,833)
Income tax benefit (expense)	31	(265)	(10,934)	15,973	396
NET PROFIT (LOSS) FOR THE YEAR		(2,174)	(75,801)	(19,234)	(85,437)
OTHER COMPREHENSIVE INCOME (LOSS)					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Foreign currency translation differences		(3,052)	(9,546)	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(3,052)	(9,546)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(5,226)	(85,347)	(19,234)	(85,437)
Income (loss) attributable to :					
Equity holders of the Company		(10,979)	(80,329)	(19,234)	(85,437)
Non-controlling interests		8,805	4,528	-	-
		(2,174)	(75,801)	(19,234)	(85,437)

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2016

		Unit: Thousands Baht			
		CONSOLIDATED F/S		SEPARATE F/S	
Notes		2016	2015	2016	2015
Total comprehensive income (loss) attributable to :					
	Equity holders of the Company	(13,098)	(85,925)	(19,234)	(85,437)
	Non-controlling interests	7,872	578	-	-
		<u>(5,226)</u>	<u>(85,347)</u>	<u>(19,234)</u>	<u>(85,437)</u>
EARNINGS (LOSS) PER SHARE :					
		27			
	Basic earnings (loss) per share (Baht)	<u>(0.01)</u>	<u>(0.21)</u>	<u>(0.05)</u>	<u>(0.22)</u>
	Diluted earnings (loss) per share (Baht)	<u>(0.01)</u>	<u>(0.21)</u>	<u>(0.05)</u>	<u>(0.22)</u>

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGE IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousands Baht

CONSOLIDATED F/S											
Equity attributable to equity holders of the Company											
Notes	Paid-up share capital	Paid-in capital in excess of par	Reserve for share-based payment	Common share Subscription	Discount on capital from change in proportion of investment in subsidiary company	Retained earnings		Currency translation differences	Total equity of the parent company	Non-controlling interests	Total
						Legal reserve	Unappropriated				
Balance as at January 1, 2015	371,132	221,199	4,776	-	(2,314)	15,141	25,571	(1,721)	633,784	41,781	675,565
Changes in equity for the year :											
Increase in capital	19,700	82,675	-	-	-	-	-	-	102,375	-	102,375
Reserve for share-based payment	34	-	(2,162)	-	-	-	-	-	(2,162)	-	(2,162)
Common share subscription	3,307	3,360	-	-	-	-	-	-	6,667	-	6,667
Cash dividend by subsidiaries companies	-	-	-	-	-	-	-	-	-	(8,035)	(8,035)
Struck off a subsidiary	-	-	-	-	-	-	-	-	-	(717)	(717)
Comprehensive income (loss) for the year	-	-	-	-	-	-	(80,329)	(5,596)	(85,925)	578	(85,347)
Balance as at December 31, 2015	394,139	307,234	2,614	-	(2,314)	15,141	(54,758)	(7,317)	654,739	33,607	688,346
Changes in equity for the year :											
Reserve for share-based payment	34	-	1,057	-	-	-	-	-	1,057	-	1,057
Common share subscription	24	1,603	1,629	(1,443)	-	-	-	-	1,789	-	1,789
Cash dividend by subsidiaries company	11	-	-	-	-	-	-	-	-	(8,471)	(8,471)
Comprehensive income (loss) for the year	-	-	-	-	-	-	(10,979)	(2,119)	(13,098)	7,872	(5,226)
Balance as at December 31, 2016	395,742	308,863	2,228	-	(2,314)	15,141	(65,737)	(9,436)	644,487	33,008	677,495

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGE IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Thousands Baht								
SEPARATE F/S								
Notes	Paid-up share capital	Paid-in capital in excess of par	Reserve for share-based payment	Common share Subscription	Retained earnings		Other components of equity	Total Equity
					Legal reserve	Unappropriated		
Balance as at January 1, 2015	371,132	221,199	4,776	-	15,141	(19,016)	-	593,232
Changes in equity for the year :								
Increase in capital	19,700	82,675	-	-	-	-	-	102,375
Reserve for share-based payment	34	-	(2,162)	-	-	-	-	(2,162)
Common share subscription	3,307	3,360	-	-	-	-	-	6,667
Comprehensive loss for the year	-	-	-	-	-	(85,437)	-	(85,437)
Balance as at December 31, 2015	394,139	307,234	2,614	-	15,141	(104,453)	-	614,675
Changes in equity for the year :								
Reserve for share-based payment	34	-	1,057	-	-	-	-	1,057
Common share subscription	24	1,603	(1,443)	-	-	-	-	1,789
Comprehensive loss for the year	-	-	-	-	-	(19,234)	-	(19,234)
Balance as at December 31, 2016	395,742	308,863	2,228	-	15,141	(123,687)	-	598,287

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Thousands Baht			
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
Cash Flows from Operating Activities				
Loss before tax	(1,909)	(64,867)	(35,207)	(85,833)
Adjustments to reconcile net loss to net cash provided from (paid by) operating activities:				
Depreciation and amortization	63,963	51,572	51,544	42,647
Equity in net income of associated company	(1,322)	(3,153)	-	-
Unrealized (gain) loss on foreign exchange rate	(130)	137	(9)	153
(Gain) loss on disposal of equipment	180	-	(3)	-
Allowance for doubtful accounts	5,037	1,259	3,990	1,218
Allowance for obsolete and devaluation of inventories (reversal)	2,339	(1,097)	-	(2,057)
Provision for employee benefit	1,489	2,401	939	2,001
Reserve for share based payment	1,057	815	1,057	815
Dividend income	-	-	(51,529)	(15,338)
Interest expense	22,820	28,571	9,723	10,159
Interest income	(3,193)	(3,212)	(642)	(623)
Write off prepaid income tax	1,828	-	974	-
Cash provided from (used in) operating activities before changes in operating assets and liabilities :	92,159	12,426	(19,163)	(46,858)
Decrease (increase) in operating assets:				
Trade and other receivables	42,956	21,994	12,630	15,633
Inventories	(149,563)	(26,599)	(138,341)	(50,225)
Other non-current assets	362	(418)	(1,157)	(716)

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Thousands Baht			
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
Increase (decrease) in operating liabilities:				
Trade and other payables	98,752	(28,058)	105,722	(13,978)
Cash received (paid) from operations	84,666	(20,655)	(40,309)	(96,144)
Interest payment	(24,103)	(28,555)	(10,268)	(9,769)
Interest received	3,193	3,212	161	623
Income tax payment	(14,347)	(12,848)	(2,830)	(1,902)
Received income tax	3,353	4,185	2,962	4,185
Net cash from (used in) operating activities	52,762	(54,661)	(50,284)	(103,007)
Cash flows from investing activities:				
Dividend Received	-	1,800	-	1,800
Increase in loan to related companies	-	-	(1,600)	(911)
Decrease in loan to related companies	-	-	2,000	-
Increase in restricted deposit with banks	(26,088)	(14,242)	(10,500)	-
Cash payment for fiber optical network equipment	(5,135)	(8,841)	(5,135)	(8,841)
Proceeds from disposal of property and equipment	5,043	385	3	-
Cash payment for acquisition of property, equipment and software computer	(37,636)	(10,502)	(405)	(1,091)
Net cash used in investing activities	59,849	57,990	44,014	9,120

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Thousands Baht			
	CONSOLIDATED F/S		SEPARATE F/S	
	2016	2015	2016	2015
Cash flows from financing activities:				
Cash receipt from increase in share capital	1,789	103,155	-	103,155
Cash receipt from common share subscription	3,000	3,690	1,789	3,690
Received loan from related company and director	-	15,000	48,500	17,649
Repayment loan from related company and director	(18,000)	-	(30,500)	-
Cash payment for issuing stocks	-	(780)	-	(780)
Increase (decrease) in bank overdraft and short-term loan				
from financial institution - net	(48,757)	14,802	(6,054)	(17,652)
Received short-term loans from a company and other persons	135,000	-	135,000	-
Received long-term loan from financial institution	19,040	4,157	19,040	8,000
Repayment long-term loan to financial institution	(53,698)	-	(52,274)	-
Repayment of liabilities under financial				
lease agreements	(23,998)	(9,410)	(14,686)	(3,241)
Dividend paid from subsidiaries company	(324)	(7,711)	-	-
Net cash from financing activities	14,052	122,903	100,815	110,821
Net increase (decrease) in cash and cash equivalents	2,998	36,842	34,894	(1,229)
Effect of foreign exchange rate changes	(1,139)	(3,624)	-	-
Cash and cash equivalents, Beginning of year	57,990	24,772	9,120	10,349
Cash and cash equivalents, End of year	59,849	57,990	44,014	9,120

Non - cash transactions :

For the year ended December 31, 2016

The Company transferred inventories to equipment totaling Baht 64.30 million.

The Company offset loan to related company against trade and other payable in the amount of Baht 2.51 million.

The Company offset loan from related company against dividend received in the amount of Baht 35 million.

The Company entered into financial lease agreement to pay fixed assets payable in the amount of Baht 48.46 million to be paid by installments under financial lease agreement in the amount of Baht 48.37 million and Baht 0.09 million was paid by cash.

For the year ended December 31, 2015

The Company transferred inventories to equipment totaling Baht 75.87 million.

The Company transfer current assets to non-current assets totaling Baht 4.64 million.

The Company offset dividends received against loan from and accrued interest expenses related companies in the amount of Baht 13.54 million and the Company offset loan to related company against trade and other payable in the amount of Baht 0.8 million.

The Company and subsidiary acquired machinery for a total cost of Baht 22.34 million, of which Baht 19.26 million is to be paid by installment under financial lease agreement. Baht 3.08 million was paid by cash.

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

The Company registered as a limited company with the Ministry of Commerce in the year 1999. The Company registered the changes of its status to a public company and the change of its name to “Simat Technologies Public Company Limited” with the Ministry of Commerce on July 18, 2006. The Company is engaged in the trade of computer hardware, software and network accessories and computer information technology system development.

On December 12, 2007, the Stock Exchange of Thailand approved the trading of the Company’s securities on the Stock Exchange of Thailand.

The Company’s registered head office is located at 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung Road, Lamplatew Sub-district, Ladkrabang District, Bangkok.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of preparation of consolidation financial statements

- a.) The consolidated financial statements include the financial statements of Simat Technologies Public Company Limited and subsidiaries as follow:

Subsidiary companies	Percentage of shareholding / Voting rights hold		Type of businesses
	December 31, 2016	December 31, 2015	
	Simat Soft Co., Ltd.	100.00	
Simat Label Co., Ltd.	85.88	85.88	Wholesaler for barcode, productions and RFID, papers and related supplies.
Simat Telecom Co., Ltd.	100.00	100.00	Sales of hardware, software and maintenance service for the point of sales system and telecommunication services
E-Tech IT Sdn, Bhd. (Malaysia)	60.00	60.00	Sales of computer hardware, software and maintenance services

- b.) The Company is deemed to have control over an investee or subsidiary if it has rights to, 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.
- c.) Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d.) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e.) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f.) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenses recognition

Sale is recognized when delivery has taken place and the transfer of risks and rewards has been completed.

Service income is recognized when service has been rendered and the amount of the revenue can be measured.

Revenue on sales and installation of systems is recognized by the percentage of completion method.

Revenue from board band service is recognized based on the term of contract.

Rental income, other income, and expenses are recognized on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand and deposits with bank with maturities of less than three months or less and that are not subject to withdrawal restrictions.

Trade accounts receivable

Trade accounts receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written-off during the year in which they are identified.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the moving-average basis. Net realizable value is the estimated selling price in the ordinary course of the business less the estimated costs necessary to make the sale.

Work in process comprise of cost of hardware and related software, cost is determined on the moving-average basis.

Direct cost, other cost and overhead for installation equipments and cables which is allocated as the ordinary course of the business.

Investment in subsidiary and associate companies

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Investment in subsidiary and associated companies are accounted for in the separate financial statements by the cost method of accounting, and adjusted impairment, if any. Provisions for impairment are taken up in the accounts to adjust the value of investment whenever necessary.

Property, plant and equipment

Property, plant and equipment are stated at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset that bring the asset to the location and condition necessary for its intended use. Building and equipment is presented at cost less accumulated depreciation and allowance for impairment of assets.

The Company and subsidiary depreciate its buildings and equipment by the straight – line method over their estimated useful lives as follows:

	<u>Useful life (number of years)</u>
Building	50
Office equipment	1 - 10
Tools and equipment	3 - 5
Furniture and fixtures	5 - 10
Motor vehicles	5
Machinery	5 - 15
Renovation	3 - 10

Gains and losses on disposal of assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditure for additions, renewals and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

Equipment and computer software for lease

Equipment and computer software for lease are stated at cost, net of accumulated amortization.

Amortization is calculated on the straight-line method over their agreement.

Software development cost for sales

Software development cost for sales is recognized at cost, comprising various related direct expenses of acquisition.

Amortization is charged to the statement of comprehensive income using the straight-line method for 5 years.

Fiber optic network equipment

The company depreciated fiber-optic network equipment on a straight line basis over the estimated useful lives of the assets as follows.

	<u>Useful life (number of years)</u>
Devices outside the fiber optic network	5 - 35
Fiber optic network equipment.	3 - 35

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of share of the identifiable net assets which the Company acquired. Goodwill is measured at cost and impairment is considered when there is an indication.

Computer programs

Computer program are stated at cost, net of accumulated amortization.

Amortization is calculated on the straight-line method over their estimated useful lives of 3 years.

Leases – where the Company and subsidiary are the lessees

Leases of equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments or the present value of the lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance. The lease payment obligation under the lease agreement, net of financial interest payment, is recorded as liability under finance lease. The interest element of the finance charge is charged to operations over the lease period. The equipment acquired under finance leasing contract is depreciated over the useful life of the asset. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statements of comprehensive income on a straight – line basis over the period of the lease. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonuses and social security contributions as expenses on an accrual basis.

Post-employment benefits – defined benefit plan

The employee benefit liabilities in relation to the severance payment under the labor law are recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Group recognizes actuarial gains or losses in the other comprehensive income in the period in which they arise.

Foreign currencies

Functional and presentation currency

The financial statements of each entity within the Group are presented in the functional currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in Thai Baht, the presentation currency in accordance with the regulatory requirements in Thailand. The functional currency of the Company and its subsidiaries in Thailand is Thai Baht. Functional currencies of its foreign operation are Malaysia Ringgit and Vietnam Dong.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or losses on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the date of transaction.

Translation of the Group's financial statements

The financial statements of the Group are translated into the presentation currency as follows:

- The Group's assets and liabilities are translated at the closing rate as at the end of reporting period date.
- The Group's revenues and expenses are translated at the average exchange rates during the periods which approximate to the exchange rates at the dates of transactions; and
- Share capital is translated at historical rates.

Exchange differences on translating financial information are recognized in the other comprehensive income and presented in the exchange differences as a separate component of shareholders' equity until the disposal of the foreign operation.

Provident fund

The Company and local subsidiaries have established a registered provident fund to which employees and the Company contributes. Assets are held in a separate trustee fund and managed by fund manager.

The Company's contributions are charged to profit or loss in the period which they relate.

Income tax

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

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- initial recognition of goodwill;
- initial recognition of assets or liabilities in a transaction that is not a business combination and that neither affects accounting nor taxable profit or loss;

Differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amounts of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings (loss) per share and diluted earnings (loss) per share

Earnings (loss) per share are determined by dividing the net income (loss) for the year by the weighted average number of shares outstanding during the year .

Diluted earnings (loss) per share are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares including the effect of increased shares from exercise warrants.

Segment information

Segment information is presented in respect of the Company and subsidiary businesses. The primary format and business segments are based on the Company and subsidiary management and internal reporting structure.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT

Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of receivables

The Company and subsidiaries account for allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of outstanding receivables at the date of the financial statements date as well as the guarantee.

Allowance for obsolete, slow-moving and defective inventories

The Company and subsidiaries maintain an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category.

Impairment of investment

Management reviews the impairment of investments in subsidiary and associate companies by considering the operating result and the future business plan of the subsidiary and associate companies. Such consideration is based on Management's judgment.

Impairment of goodwill

The Company reviews goodwill from investments in subsidiary to determine whether or not it is impaired. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates.

Impairment of assets

The Company and subsidiaries consider an asset as impaired when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value, the Company and subsidiaries make an estimate of the asset recoverable amount. The determination of recoverable amount is requires judgment. An impairment loss is recognized as an expense in the statement of comprehensive income.

Equipment and computer software

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

Leases

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash on hand	1,605	800	1,399	673
Cash at banks				
Current account	54,750	53,939	39,121	5,195
Savings account	2,404	2,316	2,404	2,317
Fixed deposits with maturities of less than 3 months	1,090	935	1,090	935
Total	59,849	57,990	44,014	9,120

6. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables - net as at December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables				
- related parties	-	685	-	1,250
- others	260,825	317,922	34,745	45,505
Total	260,825	318,607	34,745	46,755
<u>Less</u> Allowance for doubtful accounts	(42,662)	(39,517)	(5,682)	(1,692)
Trade receivables - net	218,163	279,090	29,063	45,063
Other receivables				
Interest receivable related parties	-	-	926	565
Other receivable related parties	354	664	1,768	1,394
Dividend receivable	-	-	16,529	-
Deposit	1,614	2,211	-	-
Accrued income	1,089	1,618	1,041	1,566
Value added tax receivables	6,565	6,501	4,905	6,501
Prepaid expenses	10,618	5,863	7,804	5,595
Advances to trade customer	4,671	4,530	419	347
Others	7,193	4,009	6,247	2,473

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Total other receivables	32,104	25,396	39,639	18,441
Total trade and other receivables - net	250,267	304,486	68,702	63,504

As at December 31, 2016 and 2015 the Group had outstanding balances of trade receivable aged by the following numbers of months:

Ages of receivable	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade Receivable – Related Parties				
Not yet due	-	-	-	565
Past due:				
Over 12 months	-	685	-	685
Total trade receivable - related parties	-	685	-	1,250
Trade Receivable - Other				
Not yet due	69,989	132,886	13,000	20,129
Past due:				
Less than 3 months	129,679	110,107	14,669	19,752
Over 3 months but not over 6 months	3,570	30,953	2,012	3,265
Over 6 months but not over 12 months	12,955	4,398	2,784	811
Over 12 months	44,632	39,578	2,280	1,548
Total	260,825	317,922	34,745	45,505
<u>Less</u> Allowance for doubtful accounts	(42,662)	(39,517)	(5,682)	(1,692)
Total trade receivable other - net	218,163	278,405	29,063	43,813
Total trade receivable - net	218,163	279,090	29,063	45,063

As at December 31, 2016 and 2015, a portion of receivables past due over 12 months are attributable to a subsidiary company in Malaysia as follows:

	Unit: Million Baht	
	2016	2015
Allowance for doubtful accounts has been provided	36.78	37.70
Considered as collectible	5.41	0.20
Total	42.19	37.90

The management of the subsidiary is confident that the remaining amount of Baht 5.41 million will receive full settlement from the debtor. Therefore, no further allowance for doubtful account has been made. Significant account receivables are as below:

1. The first trade receivables in the amount of RM 0.59 million (equivalent to Baht 4.68 million) which past due for more than 1 year, sent a letter to subsidiary company to confirm the settlement schedule, detail as below:
 - 1.1 First payment in the amount of RM 0.2 million, approximately (equivalent to Baht 1.58 million) within April 2017 which is expected from cash received of selling of its building as per sales and purchase agreement.
 - 1.2 Two post - dated cheques amounting to RM 0.15 million each totaling to RM 0.3 million (equivalent to Baht 2.37 million) dated on June 30, 2017 and August 30, 2017 from the proceeds of the sales of property of the receivable's director which expect to sell in the future.
 - 1.3 The remaining amount of RM 0.09 million (equivalent to Baht 0.71 million) from items 1.1 and 1.2, trade receivable will pay within 2 months from August 30, 2017.
2. The second trade receivables in the amount of RM 0.27 million (equivalent to Baht 2.16 million) which past due for more than 1 year, the subsidiary's management has been provided allowance for doubtful accounts in the amount of RM 0.14 million (equivalent to Baht 1.08 million). However, on February 27, 2017, the subsidiary's management issued a letter to confirm that hardware principal of the project related to this receivable will pass down the credit note in the existing project to the subsidiary within the first quarter of year 2017. Once the subsidiary received credit note from such hardware company, the subsidiary will issue credit note to this trade receivable.
3. The third trade receivables in the amount of RM 0.96 million (equivalent to Baht 7.56 million) which past due for more than 6 months but not over 12 months (Overdue 11 months) had settlement letter to subsidiary to confirm the settlement schedule, detail as below:
 - 3.1 First payment in the amount of RM 0.22 million (equivalent to Baht 1.76 million) within March 15, 2017.
 - 3.2 The second payment in the amount of RM 0.74 million (equivalent to Baht 5.80 million) within April 2017.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market values or, where no market value exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

Name of entity	Country of Incorporation/nationality	Nature of relationships
Simat Soft Co., Ltd.	Thailand	Subsidiary, 100% shareholding, and co-directors are representatives of the Company
Simat Label Co., Ltd.	Thailand	Subsidiary, 85.88% shareholding, and co-directors are representatives of the Company
Simat Telecom Co., Ltd.	Thailand	Subsidiary, 100% shareholding, and co-directors are representatives of the Company
E-Tech IT Sdn, Bhd.	Malaysia	Subsidiary, 60% shareholding
Grand-flo Spitvest Sdn, Bhd.	Malaysia	Common director
Kopacklabels Press Sdn, Bhd.	Malaysia	Common director
Grand-flo Solution	Malaysia	Common director
Label Network Sdn, Bhd.	Malaysia	Common director
Grand-flo Electronic Systems Sdn, Bhd.	Malaysia	Common director

Sales and purchases of goods and services

Sales and purchases of goods from related parties are made under the terms of general trade practice, with prices approximate the market. Balances with related parties as at December 31, 2016 and 2015, are summarized below:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables				
Grand-flo Spritvest Sdn, Bhd.	-	685	-	685
Simat Label Co., Ltd.	-	-	-	565
Total	-	685	-	1,250

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other receivables				
Simat Label Co., Ltd.	-	-	1,585	1,288
Simat Soft Co., Ltd.	-	-	571	301
Simat Telecom Co., Ltd.	-	-	538	329
Grand-flo Spritvest Sdn, Bhd.	354	623	-	-
Grand-flo Solution Sdn, Bhd.	-	41	-	41
Total	354	664	2,694	1,959
Loans to related companies				
Simat Soft Co., Ltd.	-	-	2,996	3,800
Simat Telecom Co., Ltd	-	-	1,507	3,611
Total	-	-	4,503	7,411
Dividend receivable				
Simat Label Co., Ltd.	-	-	16,529	-
Total	-	-	16,529	-
Trade payables				
Kopacklabels Press Sdn, Bhd.	-	52	-	-
Grand – flo Spritvest Sdn, Bhd.	-	31	-	30
Simat Soft Co., Ltd.	-	-	124	13
Simat Telecom Co., Ltd	-	-	1,425	782
Total	-	83	1,549	825
Other payables - related companies				
Simat Telecom Co., Ltd	-	-	678	394
Simat Soft Co., Ltd.	-	-	73	97
Grand – flo Electronic Systems				
Sdn, Bhd.	-	851	-	851
Total	-	851	751	1,342

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other payable related person				
Mr. Ling Chee Kiat	674	708	-	-
Total	674	708	-	-
Short-term loan from a related company and director				
Simat Label Co., Ltd.	-	-	-	2,000
Director	-	15,000	-	15,000
Total	-	15,000	-	17,000
Accrued interest expenses - related companies and director				
E-Tech IT Sdn, Bhd.	-	-	79	83
Simat Label Co., Ltd.	-	-	743	-
Director	-	15	-	15
Total	-	15	822	98

Loans to related companies

During the year 2016, the Company provided short-term loans to two subsidiaries in amounts of Baht 1.20 million and Baht 0.4 million, respectively. The Company received a total of Baht 4.51 million, comprising cash in the amount of Baht 3.5 million while the remaining amount of Baht 1.01 million was offset to trade and other payables. This offset transaction is not governed by a contract.

The Company also provided short-term loans to its subsidiary for use as working capital. Such loans bear interest at the rates of 6%-7.25% per annum. Such loans are unguaranteed, and are due on call.

Short-term loan from a related company and director

On May 25, 2015, the Company had entered into a loan agreement with a director in the amount of Baht 20 million. The loan bears an interest rate of 6% per annum, and is due within December 25, 2015. In December 2015, the Company had repay in the amount of Baht 5 million to a director thus as at December 31, 2015, such loan has balancing amount of Baht 15 million.

Board of Directors' Meeting (No. 1/2016), held on February 26, 2016, approved borrowing from a director in the amount of Baht 30 million. The loan bears an interest rate of 6% per annum, and is due within 2 years. During the year 2016, the Company borrowed loan from a director in the amount of Baht 3 million additionally and fully paid to a director.

During the year 2015, the Company borrows loan from Simat Label Co., Ltd. in the amount of Baht 5 million. The Company offset such loan to dividend received in the amount of Baht 1,971,538 and cash payment in the amount of Baht 1,028,462. Therefore, as at December 31, 2015, outstanding loan from Simat Label Co., Ltd. is amount of Baht 2 million, such outstanding loan has no interest charge. In addition, during the year 2016, the Company borrows loan in the amount of Baht 35.50 million additionally, such loan bear an interest rate of 6% per annum and paid in the amount of Baht 37.50 million, cash payment of Baht 2.5 million, remaining in amount of Baht 35 million offset to dividend received. Such offsetting transaction has no contract.

On September 26, 2014, there was a Letter of Debt Settlement between other payable (Mr. Ling Chee Kiat) and the subsidiary to offset the long overdue receivables against the guarantee deposit of totaling Baht 36.10 million for guarantee the collection of some long outstanding debtor balances of E-Tech IT Sdn, Bhd. ("a subsidiary") as agreed in the memorandum at the acquisition date and to secure the past due accounts receivable recoverable as agreed in the memorandum and agreement the director has with the Company. Such long outstanding debtor repaid debt to E-Tech IT Sdn, Bhd. so outstanding of other payable (Mr. Ling Chee Kiat) as at December 31, 2016 and 2015, Baht 0.67 million and Baht 0.71 million, respectively.

As at December 31, 2014, the loan from subsidiary of Baht 11.38 million is due within one year with the interest rate of 5.85% per annum. During the third quarter of the year 2015, the Company paid the subsidiary for the loan and accrued interest expenses, from the subsidiary, amounting to Baht 11.57 million, by offsetting it to dividends received. Therefore, as at December 31, 2016 and 2015, the outstanding balance of accrued interest expenses totaled Baht 0.08 million (see note 11).

Transactions with related person and parties for the years ended December 31, 2016 and 2015 are summarized below:

Transactions with related person and companies	Pricing policy	Unit: Thousands Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Sales of inventories	At market value	6,857	11,295	-	2
Dividend income	Right to receive dividends	-	-	51,529	15,338
Interest income	At the rate of 6%-7.25%	-	-	1,224	433
Other income	Contract and at cost	-	-	4,703	4,950
Purchase of inventories	At market value	1,819	4,811	51	26
Software service cost	Mutually agreed price	-	-	994	1,504
Other expenses	At cost	-	-	12,700	7,421

		Unit: Thousands Baht			
Transactions with related person and companies	Pricing policy	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Interest expenses	At the rate of 5.85%-6%	-	-	1,188	1,110
Maintenance broadband	Contract	-	-	6,678	3,109

Compensation of key management personnel.

The Compensation of key management personnel for the years ended December 31, 2016 and 2015 as follows:

		Unit : Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Short-term benefits		17,844	17,727	11,360	11,428
Post-employment benefits		666	809	666	809
Total Compensation to key management personnel		18,510	18,536	12,026	12,237

8. INVENTORIES –NET

Inventories as at December 31, 2016 and 2015 are as follows:

		Unit: Thousands Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Finished goods		66,957	70,154	27,119	27,517
Work in process		75,796	2,069	74,444	-
Raw materials		19,533	6,364	-	-
Goods in transit		-	367	-	-
Total		162,286	78,954	101,563	27,517
<u>Less</u> Allowance for decline values of inventories		(7,769)	(5,651)	(4,037)	(4,037)
Inventories – net		154,517	73,303	97,526	23,480

On February 1, 2016, the Company entered into a Joint Arrangement with I AM Consulting Co., Ltd. as a “Consortium” to enter a bid to the Government Housing Bank for installation, development, repair and maintenance of an Enterprise Resource Planning (ERP) and HR System. Details of the work and remuneration are set forth in the Joint Arrangement.

On October 28, 2016, the Consortium entered into the following two agreements with the Government Housing Bank an Enterprise Resource Planning (ERP) and HR System Purchase, Install and Development Agreement, in the amount of Baht 411 million and an Enterprise Resource Planning (ERP) and HR System Repair and Maintenance Agreement in the amount of Baht 119 million. Details of work and remuneration are set forth in the two agreements. As at December 31, 2016, the Company recognized Baht 74.44 million as work in process in the consolidated financial statements and separate financial statements.

9. RESTRICTED DEPOSITS WITH BANKS

As at December 31, 2016 and 2015, the Company's fixed deposits totaling Baht 152.33 million and Baht 131.84 million, respectively, in consolidated financial statements, and Baht 24.25 million and Baht 13.75 million, respectively, in separate financial statements, have been pledged with banks as collaterals for bank overdrafts facilities, short-term loan, long-term loans, factoring of trade receivables, forward exchange contracts and letter of guarantee for the Company and its subsidiaries. These fixed deposits bear interest at 0.80% - 3.20% per annum and 0.8% - 3.20% per annum, respectively.

10. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies as at December 31, 2016 and 2015 are as follows:

Name of Associated company	Incorporation	Type of business	Unit: Thousand Baht							
			% of share holding / Voting rights held		Paid-up capital		Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015	Equity method		Cost method	
			2016	2015	2016	2015	2016	2015	2016	2015
Sino Trading – Services Corporation (Shares held by Simat Technologies PCL.)	Vietnam	Trading of computer hardware, software and network and network accessories and computer information technology system development	40.00	40.00	12,600	12,600	30,861	29,538	21,274	21,274
Total investments in associated company							30,861	29,538	21,274	21,274

During the year, the Company recognized share of profits from investments in the consolidated financial statements and recognised dividend income from associated companies in separate financial statement as follows:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	Share of profits from investments in associated company		Dividend income from associated company during the years	
	2016	2015	2016	2015
Sino Trading – Services Corporation	1,322	3,153	-	1,800
Total	1,322	3,153	-	1,800

The Company recorded share of profits from investments, using equity method, in consolidated financial statements based on the financial statement of associated company for the years ended December 31, 2016 and 2015, which were audited by PARKER RANDALL VIETNAM

The shares of associated companies are not publicly listed on a stock exchange and, hence, published price quotes are not available. The aggregate amounts of the associated companies in the consolidated financial statement for the years ended December 31, 2016 and 2015 can be summarized as follows:

	Unit: Thousand Baht	
	2016	2015
As at December 31		
Current assets	58,367	59,738
Non-current assets	3,236	3,080
Current liabilities	23,601	27,640
Non-current liabilities	2,200	1,685
For the years ended December 31		
Revenue	102,969	135,585
Profit	2,226	8,387
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	2,226	8,387

Reconciliation of financial information above with the equity method from the book value of associated companies recognized in the consolidated financial statements is as follows:

	Unit: Thousand Baht	
	2016	2015
Net assets of the associated company	34,893	32,344
Proportion of shares held by the Company in associated company (%)	40	40
Net assets of the associated company by proportion of shares	13,957	12,938
Goodwill	13,717	13,717
Foreign currency translation differences	3,187	2,883
Book value of investment value with the equity method in the associated company	30,861	29,538

11. INVESTMENTS IN SUBSIDIARY COMPANIES

Investments in subsidiary companies as at December 31, 2015 and 2014 are as follows:

Name of subsidiary companies	Incorporation	Type of business	% of share holding / Voting rights held		Unit: Thousand Baht					
					Separate financial statements				Cash dividend	
					Paid-up capital		Cost method			
		2016	2015	2016	2015	2016	2015	2016	2015	
Simat Soft Co. Ltd.	Thailand	Produce, develop, modify and sell of software.	100.00	100.00	3,000	3,000	3,000	3,000	-	-
Simat Label Co. Ltd.	Thailand	Wholesaler for barcode, productions and RFID, paper and related supplies.	85.88	85.88	34,000	34,000	29,200	29,200	51,529	1,971
Simat Telecom Co., Ltd.	Thailand	Sale of hardware, software and maintenance services for the point of sales system.	100.00	100.00	5,000	5,000	5,000	5,000	-	-
E-Tech IT Sdn, Bhd.	Malaysia	Sale of computer hardware, software and maintenance.	60.00	60.00	57,003	57,003	67,755	67,755	-	11,567
Less Allowance for impairment of investment							(8,000)	(8,000)	-	-
Total investments in subsidiary companies							96,955	96,955	51,529	13,538

The financial statements for the years ended December 31, 2016 and 2015 of E-Tech IT Sdn. Bhd., as included in the consolidated financial statement, were audited by SJ GRANT THORNTON.

The significant non-controlling interests of the subsidiary companies are as follows:

Name of Subsidiary companies	Country of incorporation and main location of business	Ownership and voting rights held by non-controlling interests	Unit : Thousand Baht	
			Comprehensive income (loss) for non-controlling interests	Accumulated Non-controlling interests
Simat Label Co. Ltd.	Thailand	14.12	8,815	9,023
E-Tech IT Sdn, Bhd.	Malaysia	40	(10)	23,985
Total			8,805	33,008

The financial information of the subsidiary companies before eliminated transactions is as follows:

	Unit : Thousand Baht			
	Simat Label Co. Ltd.	E-Tech IT Sdn, Bhd.	Other subsidiary companies	Total
As at December 31, 2016				
Current assets	69,728	203,690	5,842	279,260
Non-current assets	70,309	189,284	135	259,728
Current liabilities	68,010	289,899	6,668	364,577
Non-current liabilities	8,945	43,364	221	52,530
Non-controlling interests	9,023	23,985	-	33,008
For the year ended December 31, 2016				
Revenue				
Net profit (loss) for the year of non- controlling interests	8,815	(10)	-	8,805
Other comprehensive income of non-controlling interests	-	-	-	-
Dividend paid for non-controlling interests	8,471	-	-	8,471
Cash flows from (used in)				
Operating activities	52,208	19,556	3,369	75,133
Investment activities	(54,728)	(11,259)	(105)	(66,092)
Financing activities	(9,472)	(27,927)	(1,900)	(39,299)
Net cash increase (decrease) in	(11,992)	(19,630)	1,364	(30,258)

Simat Label Co., Ltd.

Board of Directors' Meeting No.2/2016 of Simat Label Co., Ltd., resolved to pay an interim dividend from net profits for the period of January 1, 2016 to November 30, 2016 of Baht 17.6471 per share, totaling 3,400,000 shares, to total Baht 60,000,000. The Company received a dividend in proportion to its share holding in the amount of Baht 51,529,281 by offsetting the short term loan from Simat Label Co., Ltd, in the amount of Baht 35 million by classifying the remaining amount of Baht 16.53 million as "dividend receivables" under trade and other receivables – net.

Board of Directors' Meeting No.1/2015 of Simat Label Co., Ltd., resolved to pay a dividend from its retained earnings for the period ended September 30, 2014 of Baht 0.675 per share, totaling 3,400,000 shares, in the total amount of Baht 2,295,700. The Company received a dividend per percentage of share holding in the amount of Baht 1,971,538 by offsetting to short term loan from Simat Label Co., Ltd.

E-Tech Sdn, Bhd.

During the third quarter of the year 2015, E-Tech IT Sdn, Bhd. paid a dividend amount of RM 2,281,321.68. The Company received a dividend per its shareholding percentage in the amount of RM 1,368,793.01 (equivalent to Baht 11,566,712). The Company offset such dividend received to a short term loan and accrued interest expenses from a related party in the amount of Baht 11,566,712. As such, the outstanding balance of accrued interest expenses to a related party totaled Baht 0.08 million.

On December 1, 2009, the Company invested in common share of E-Tech IT Sdn, Bhd. (Malaysia) of 2,400,000 shares equivalent to 60% of the registered capital of such company at cost of Baht 67.75 million. This investment incurred the goodwill of Baht 44.69 million. The Company will treat the goodwill arising from acquisition as impaired when there is a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires management judgment.

12. PLANT AND EQUIPMENT - NET

During the year ended December 31, 2016 and 2015 the Company and subsidiary have the following movements in the plant and equipment - net:

		Consolidated financial statements								
		Unit : Thousand Baht								
	Building	Office equipment	Tools and equipment	Furniture and fixture	Motor vehicles	Machinery	Renovation	Building under construction	Total	
Cost										
As at January 1, 2015	-	44,803	32,603	16,347	34,415	36,854	1,980	63,375	230,377	
Increase/ Transfer	63,375	2,970	4,834	373	727	11,206	18	-	83,503	
Decrease/ Transfer	2,995	(4,228)	-	-	-	-	-	(63,375)	(64,608)	
Foreign currency translation differences										
	(6,940)	(1,305)	-	(222)	(395)	-	-	-	(8,862)	
As at December 31, 2015	59,430	42,240	37,437	16,498	34,747	48,060	1,998	-	240,410	
Increase/ Transfer	-	15,188	4,071	210	900	28,382	454	-	49,205	
Decrease/ Transfer	-	(832)	-	(50)	-	(6,505)	-	-	(7,387)	
Foreign currency translation differences										
	(2,890)	(1,239)	-	(101)	(161)	-	-	-	(4,391)	
As at December 31, 2016	56,540	55,357	41,508	16,557	35,486	69,937	2,452	-	277,837	

Unit : Thousand Baht

Consolidated financial statements

	Building	Office equipment	Tools and equipment	Furniture and fixture	Motor vehicles	Machinery	Renovation	Building under construction	Total
Accumulate depreciation									
As at January 1, 2015	-	(29,373)	(23,926)	(14,781)	(25,258)	(9,469)	(198)	-	(103,005)
Increase/ Transfer	(1,336)	(6,160)	(3,965)	(387)	(3,819)	(3,882)	(249)	-	(19,798)
Decrease/ Transfer	-	3,847	-	-	-	-	-	-	3,847
Foreign currency translation differences	58	1,027	-	141	187	-	-	-	1,413
As at December 31, 2015	(1,278)	(30,659)	(27,891)	(15,027)	(28,890)	(13,351)	(447)	-	(117,543)
Increase/ Transfer	(1,204)	(7,934)	(4,065)	(410)	(3,021)	(4,849)	(298)	-	(21,781)
Decrease/ Transfer	-	830	-	50	-	1,282	-	-	2,162
Foreign currency translation differences	135	503	-	70	131	-	-	-	839
As at December 31, 2016	(2,347)	(37,260)	(31,956)	(15,317)	(31,780)	(16,918)	(745)	-	(136,323)
Net book value									
As at December 31, 2015	58,152	11,581	9,546	1,471	5,857	34,709	1,551	-	122,867
As at December 31, 2016	54,193	18,097	9,552	1,240	3,706	53,019	1,707	-	141,514

	Unit : Thousand Baht	
	2016	2015
Under the ownership of the company	138,263	83,397
Under the finance leases	3,251	39,470
Plant and equipment – net	141,514	122,867

As at December 31, 2016 and 2015, the Group's equipment and vehicles amounting to Baht 85.36 million and Baht 68.36 million, respectively, are fully depreciated but still in use.

On June 27, 2014, the subsidiary entered into an agreement to purchase and construct a building valued at RM 6.9 million. As at December 31, 2014, the subsidiary paid RM 6.57 million (equivalent to Baht 64.26 million) which is presented as building under construction. Hence, a commitment of RM 0.35 million (equivalent to Baht 3.2 million) remains paid in year 2015 and transferred to building.

Said building is under the security for the developer's liability and the collateral for the subsidiary's liability.

	Unit : Thousand Baht					
	Separate financial statements					
	Office equipment	Tools and equipment	Furniture and fixture	Motor vehicles	Renovation	Total
Cost						
As at January 1, 2015	28,375	28,143	13,105	30,760	1,980	102,363
Increase/ Transfer	1,678	3,047	287	668	18	5,698
Decrease/ Transfer	-	-	-	-	-	-
As at December 31, 2015	30,053	31,190	13,392	31,428	1,998	108,061
Increase/ Transfer	422	206	38	900	91	1,657
Decrease/ Transfer	-	-	(50)	-	-	(50)
As at December 31, 2016	30,475	31,396	13,380	32,328	2,089	109,668
Accumulated depreciation						
As at January 1, 2015	(17,328)	(22,318)	(12,823)	(23,760)	(198)	(76,427)
Increase/ Transfer	(4,175)	(3,292)	(118)	(3,197)	(250)	(11,032)
Decrease/ Transfer	-	-	-	-	-	-
As at December 31, 2015	(21,503)	(25,610)	(12,941)	(26,957)	(448)	(87,459)
Increase/ Transfer	(3,960)	(2,684)	(141)	(2,409)	(261)	(9,455)
Decrease/ Transfer	-	-	50	-	-	50
As at December 31, 2016	(25,463)	(28,294)	(13,032)	(29,366)	(709)	(96,864)

	Unit : Thousand Baht					
	Separate financial statements					
	Office equipment	Tools and equipment	Furniture and fixture	Motor vehicles	Renovation	Total
Net book value						
As at December 31, 2015	8,550	5,580	451	4,471	1,550	20,602
As at December 31, 2016	5,012	3,102	348	2,962	1,380	12,804

	Unit : Thousand Baht	
	2016	2015
Under the ownership of the company	10,257	16,728
Under the finance leases	2,547	3,874
Plant and equipment - net	12,804	20,602

As at December 31, 2016 and 2015, the Company's equipment and vehicles amounting to Baht 75.03 million and Baht 64.83 million, respectively, are fully depreciated but still in use.

13. SOFTWARE DEVELOPMENT COST FOR SALE - NET

During the years ended December 31, 2016, and 2015 the Company and subsidiary have following movements in software development cost for sale:

	Unit: Thousands Baht				
	Consolidated and Separate financial statements				
	As at January 1, 2015	Increase/ Transfer	As at January 1, 2016	Increase/ Transfer	As at December 31, 2016
Cost	40,962	-	40,962	-	40,962
Accumulated Depreciation	(40,813)	(145)	(40,958)	(3)	(40,961)
Equipment for lease – net	149		4		1

As at December 31, 2016 and 2015, the Group's software development cost for sale amounting to Baht 40.96 million and Baht 40.88 million, respectively, are fully depreciated but still in use.

14. SOFTWARE DEVELOPMENT COST FOR SALES

During the years ended December 31, 2016 and 2015, the Company has sold developed software. Movements in software development cost for sales during the year were as follows:

Unit: Thousands Baht					
Consolidated financial statements					
	As at January 1, 2015	Increase/ Transfer	As at January 1, 2016	Increase/ Transfer	As at December 31, 2016
Software cost for sales	4,635	63	4,698	1,170	5,868
Accumulated Depreciation	(2,676)	(1,083)	(3,759)	(917)	(4,676)
Software development for sales – net	<u>1,959</u>		<u>939</u>		<u>1,192</u>

Unit: Thousands Baht					
Separate financial statement					
	As at January 1, 2015	Increase/ Transfer	As at January 1, 2016	Increase/ Transfer	As at December 31, 2016
Software cost for sales	4,181	-	4,181	160	4,341
Accumulated Depreciation	(2,450)	(924)	(3,374)	(824)	(4,198)
Cost for software development Software development for sales – net	<u>1,731</u>		<u>807</u>		<u>143</u>

15. FIBER OPTIC NETWORK EQUIPMENT - NET

During the years ended December 31, 2016 and 2015, the Company had the following movements in Fiber optic network equipment.

Unit: Thousands Baht							
Consolidated and separate financial statements							
	As at January 1, 2015	Increase/ Transfer	Decrease/ Transfer	As at December 31, 2015	Increase/ Transfer	Disposal/ Transfer	As at December 31, 2016
Cost							
Devices outside the fiber optic network	452,008	60,985	-	512,993	15,327	(40)	528,280
Fiber optic network equipment	76,432	58,067	-	134,499	53,540	-	188,039
Fiber optic network under installation	25,908	3,015	(28,923)	-	-	-	-
Total cost	<u>554,348</u>	<u>122,067</u>	<u>(28,923)</u>	<u>647,492</u>	<u>68,867</u>	<u>(40)</u>	<u>716,319</u>
Accumulated depreciation							
Devices outside the fiber optic network	(26,839)	(18,476)	-	(45,315)	(20,212)	-	(65,527)
Fiber optic network equipment	(7,646)	(12,070)	-	(19,716)	(21,048)	-	(40,764)
Total accumulated depreciation	<u>(34,485)</u>	<u>(30,546)</u>	<u>-</u>	<u>(65,031)</u>	<u>(41,260)</u>	<u>-</u>	<u>(106,291)</u>
Fiber optic network equipment - net	<u>519,863</u>	<u>91,521</u>	<u>(28,923)</u>	<u>582,461</u>	<u>27,607</u>	<u>(40)</u>	<u>610,028</u>

Unit: Thousands Baht		
	2016	2015
Under the ownership of the company	558,949	569,676
Under the finance leases	51,079	12,785
Fiber optic network equipment - net	<u>610,028</u>	<u>582,461</u>

In year 2011, the Company entered into a service agreement for the rental of optical fiber cable network equipment in Nakorn Ratchasima and Chiang Mai provinces to CAT Telecom Public Company Limited (“CAT”) with 60 month term. Both projects were approved by Extraordinary Shareholder’s Meeting No. 1/2011 dated July 29, 2011, with total project costs not exceeding Baht 520 million.

On February 22, 2013, the Company cancelled said service agreement since CAT failed to receive the project pursuant to the agreement and then failed to comply with the agreement despite the Company having sent several warning letters to CAT. In light of events, the Company exercised its right to terminate the contract. The appropriate termination letter was already sent to CAT.

On November 4, 2014, the Company entered into the Internet Joint Service Agreement with Advance Wireless Network Company Limited (“AWN”), a subsidiary of Advanced Info Service Public Company Limited (AIS), to jointly provide hi-speed internet service in Nakorn Ratchasima, Chiang Mai and other provinces with high demand. Parties will jointly agree in the future as follows:

1. SIMAT is to invest in, and provide, the fiber optic network and the relevant equipment to connect the network from the AWN’s Node (Access Controller) to the internet user’s location in order to provide wired broadband internet AWN customers, and to install the optical network terminal equipment at the AWN’s user’s or customer’s location.
2. SBN is to provide internet access for SIMAT to connect its network and equipment from AWN’s node to the internet user’s location in order to provide wired broadband internet under AWN’s brand or trademark, as well as to provide distribution channels and public relations to internet user.

On June 18, 2014, the Company entered into an agreement with a company to purchase the fiber optic cable network equipment in Khon Kaen Province. The Company commits to pay totaling of Baht 21 million.

16. DEFERRED TAX ASSETS

Deferred tax as at December 31, 2016 and 2015 consisted of:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	21,038	4,054	20,027	4,054
Deferred tax liabilities	(954)	(622)	-	-
Deferred tax assets (liabilities) - net	20,084	3,432	20,027	4,054

Movements in deferred tax assets and deferred tax liabilities during the year were as follows:

	Unit: Thousands Baht			
	Consolidated financial statements			
	Movement increase (decrease)			
	December	Statement of	Other of	December
31, 2015	income	comprehensive	31, 2016	
		income		
Deferred tax assets :				
Allowance for doubtful accounts	1,097	39	-	1,136
Allowance for devaluation of inventories	807	746	-	1,553
Provision for employee benefit obligations	1,627	453	-	2,080
Reserve for share-based payment	523	(77)	-	446
Tax losses	-	15,823	-	15,823
Total deferred tax assets	4,054	16,984	-	21,038
Deferred tax liabilities :				
Depreciation	(622)	(332)	-	(954)
Total deferred tax liabilities	(622)	(332)	-	(954)

	Unit: Thousands Baht			
	Separate financial statements			
	Movement increase (decrease)			
	December	Statement of	Other of	December
31, 2015	income	comprehensive	31, 2016	
		income		
Deferred tax assets :				
Allowance for doubtful accounts	1,097	39	-	1,136
Allowance for devaluation of inventories	807	-	-	807
Provision for employee benefit obligations	1,627	188	-	1,815
Reserve for share-based payment	523	(77)	-	446
Tax losses	-	15,823	-	15,823
Total deferred tax assets	4,054	15,973	-	20,027

Income tax expense for the years ended December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Income tax expenses for the periods	16,917	12,138	-	-
Deferred income taxes	(16,652)	(1,204)	(15,973)	(396)
Corporate income tax (benefit)	265	10,934	(15,973)	(396)

Income tax rates for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
The Company and subsidiaries in Thailand	15 – 20%	15 - 20%
Subsidiary in Malaysia	24%	25%

17. BANK OVERDRAFT AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTIONS

Bank overdraft and short-term loan from financial institution as at December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank overdraft	2,526	10,810	-	5,821
Trust receipt	129,930	179,015	2,766	2,998
Total bank overdraft and short-term loan from financial institution	132,456	189,825	2,766	8,819

Bank overdraft and short-term loan from financial institutions as at December 31, 2016 and 2015 bear interest as presented in Note No.19. These are secured by pledge of the Company's and subsidiary's fixed deposits, accounts receivable factoring arrangements and multiple joint guarantees by the subsidiary's directors and the Company.

18. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables				
- related parties	-	83	1,549	825
- others	219,114	162,976	80,634	15,462
Total trade payables	219,114	163,059	82,183	16,287
Other payables				
- related companies	-	851	751	1,342
- related parties	674	708	-	-
- accrued interest expenses relates company and director	-	15	822	98
- others				
Deferred revenues	18,484	11,875	17,240	10,500
Accrued expenses	41,592	51,213	14,388	16,364
Accrued dividend expenses	8,471	324	-	-
Deposit payable – Ftx	6,424	-	6,424	-
Other	11,157	23,364	2,098	19,023
Total other payables	86,802	88,350	41,723	47,327
Total trade and other payables	305,916	251,409	123,906	63,614

19. CREDIT FACILITIES

As at December 31, 2016 and 2015, the Company and its subsidiaries have credit facilities with financial institution as follows:

Type of credit limit	Unit: Million Baht			
	Consolidated financial statements			
	2016		2015	
	Limit	Interest rate	Limit	Interest rate
Bank overdraft	30	F/D+2.00%,MOR, BLR+1.75%-2.00%	21	F/D+2.00%,MOR, BLR+1.75%-2.00%
Liabilities under trust receipt agreements, letters of credit, and others	130	1.5% – 4.61%	269	3.00% – 7.25%, BLR+1.75%-2.00%
Factoring of accounts receivable for governmental projects	379	BLR+1.5% + 0.15% of sinking fund which allotted from 1.5% of collected	332	BLR+1.5% + 0.15% of sinking fund which allotted from 1.5% of collected
Factoring of accounts receivable	-	-	65	MOR-0.375%-1.00%
Forward exchange contracts	-	-	65	-
Long-term loans	112	6.10%-6.40%	177	4.60%-6.40%

Type of credit limit	Unit: Million Baht			
	Separate financial statements			
	2016		2015	
	Limit	Interest rate	Limit	Interest rate
Bank overdrafts	20	F/D Rate+2.00%	10	F/D Rate+2.00%
Liabilities under trust receipt agreements, letters of credit, and others	129	1.5%-4.4%	100	3.90%-4.20%
Factoring of accounts receivable	-	-	65	MOR-1.00%, MOR- 0.375%
Forward exchange contract	-	-	40	-
Long-term loans	112	6.10%-6.40%, MLR-0.75%	130	6.10%-6.40%, MLR-0.75%

All credit facilities are collateralized by pledge of the Company's and the subsidiary's fixed deposits, as well as by the subsidiary's buildings, Further, all credit facilities are guaranteed by the Company's and the subsidiary's directors.

20. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS – NET

Liabilities under financial lease agreements as at December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Due not later than one year				
Minimum payments	37,659	14,854	27,245	6,742
Deferred interest	(3,001)	(1,565)	(2,206)	(803)
Liabilities under financial lease – net	<u>34,658</u>	<u>13,289</u>	<u>25,039</u>	<u>5,939</u>
Due later than one year but not later than five years				
Minimum payments	28,283	17,653	20,174	9,221
Deferred interest	(1,139)	(861)	(802)	(509)
Liabilities under financial lease – net	<u>27,144</u>	<u>16,792</u>	<u>19,372</u>	<u>8,712</u>
Net book value of equipment under finance leases agreements	<u>61,802</u>	<u>39,470</u>	<u>44,411</u>	<u>16,660</u>

21. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS – NET

Long-term loans from financial institutions as at December 31, 2016 and 2015 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long-term loans from banks	140,220	177,195	96,327	129,560
<u>Less</u> current portion of long-term loans from financial institutions	<u>(59,875)</u>	<u>(34,572)</u>	<u>(58,239)</u>	<u>(33,000)</u>
Total long-term loans - net	<u>80,345</u>	<u>142,623</u>	<u>38,088</u>	<u>96,560</u>

On June 17, 2011, the Company entered into a loan agreement with a financial institution for the loan amount of Baht 200 million to engage in a lease contract of optical fiber cable network equipment in Nakorn Ratchasima Province with CAT Telecom Public Company Limited. The interest rate is at THBFIX +3.16% per annum and the minimum principal repayment of Baht 1.5 million per month will be made starting the first repayment in September 2012 and

then Baht 2 million per month from October 2012 to June 2017. The first drawdown of Baht 114 million has been made on June 27, 2011 and the second drawdown of Baht 86 million will be available after entire delivery of the equipment to CAT Telecom Public Company Limited. This loan is secured by a transfer of the rights to receive the rental payment under the operating lease contract and by a personal guarantee by the Company's Chief Executive Officer and the Management of Well Done IT Services Co., Ltd., a Co-partner in this project. The Company entered into interest rate swap agreements with the bank for the loan credit line amount. On January 29, 2015, the Company amended the interest rate swap with the bank according to the outstanding loan amount. The Company changed the interest payment obligation from THBFD 3M + 5.1% per annum (prior amended the interest rate swap agreement) to 6.4% per annum on the notional amount of Baht 70.55 million (outstanding loan amount) as at December 31, 2014. The amendment of the interest rate swap had effective date of December 30, 2014. The notional amount will be reduced until the end of SWAP contract in March, 2019. Due to the cancellation of contract with CAT Telecom Public Company Limited (Note 15), the financial institution had released all collateral on May 29, 2013. Therefore, the loan has no collateralized securities.

On May 29, 2013, the Company entered into a loan agreement with the financial institution for the loan amount of Baht 80 million. The interest rate is at THBFIX + 2.73% per annum. The repayments will be made starting in June 2013 in the amount of Baht 2.8 million and then in the amount of Baht 2.23 million per month from July 2013 to May 2016. There is no collateral. The Company has entered into an interest rate swap with the bank for the loan amount. On January 29, 2015 the Company amended the interest rate swap with the bank according to the outstanding loan amount. The Company changed the interest payment obligation from THBFD 3M + 4.77% per annum (prior amended the interest rate swap agreement) to 6.1% per annum on the notional amount of Baht 51.01 million (outstanding loan amount) as at December 31, 2014. The amendment to the interest rate swap had effective date on December 31, 2014. The notional amount will be reduced until the end of SWAP contract in March, 2018.

Year 2016

On April 19, 2016, the Company had entered into a loan agreement with a local bank in amount of Baht 20 million, interest rate of MLR per annum, due within June 2017. Further term and condition are determined in such agreement.

On April 19, 2016, the Company had entered into the supplemental agreement to amend former agreement in the amount of Baht 200 million with a local bank to amend repayment amount and term. Further details are presented in such supplemental agreement.

Year 2015

On July 7, 2014, the Company entered into an agreement to postpone the principal repayment of the loans in the amounts of Baht 200 million and Baht 80 million. The interest payment will be made from July 2014 to December 2014, and then the principal together with interest payable will be made from January 2015 onward.

During 2015, the Company entered into an agreement to postpone the principal repayment of the loans in the amounts of Baht 200 million and Baht 80 million. The interest payment will be made from January 2015 to June 2015, the principal payment will be made from July 2015 to December 2016 in the amount of Baht 1 million on a monthly basis, and then the principal together with interest payable will be made from January 2017 onward.

During 2014, the subsidiary obtained a loan from a financial institution in the amount of RM 5,876,900. The repayment of principal together with the interest will be made on a monthly basis and will be in the amount of RM 37,498 each starting from February 2015. The interest is charged at 4.60% per annum. The loan is secured by the land and building.

On June 2, 2015, the Company entered into a loan agreement with a local bank in the amount of Baht 20 million with an interest rate at MLR-0.75% per annum. Such loan will be repaid every 3 months, for a total of 11 installments at Baht 1.8 million per installment. Such loan is secured by the transfer of a right to receive money from the customer in the amount of Baht 28.12 million. On October 2, 2015, the Company amended such transfer the right agreement from Baht 28.12 million to Baht 25.78 million. The Company received such loan in November and commencing to pay principal with interest from January 2016 onward.

22. SHORT-TERM LOANS FROM ANOTHER COMPANY AND OTHER PEOPLE

On December 31, 2016, the Company entered into short-term loans from another company and other people by issuing a bill of exchange in the amount of Baht 135 million, bearing interest at the rates of 6.3%-7% per annum, due from January 2017 to May 2017. Such bill of exchange is uncollateralized.

23. EMPLOYEE BENEFITS

Movement of the present value of employee benefits obligation for the years ended December 31, 2016 and 2015 were as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit at beginning of years	9,130	6,729	8,134	6,133
Included in profit or loss:				
Current service cost	1,214	2,185	696	1,806
Interest cost	275	216	243	195
Employee benefit obligations at end of years	<u>10,619</u>	<u>9,130</u>	<u>9,073</u>	<u>8,134</u>

The principal actuarial assumptions used were as follows:

	Year 2016 and 2015
Discount rate	Estimated from weighted average of yield rate of government bonds that reflects the estimated timing of benefit payments.
Future salary increases	5.00% p.a for all employees
Employee turnover	Age-related scale from 0-95%
Mortality	Estimated from mortality table for the year 2008 of the Office of Insurance Commission.

24. SHARE CAPITAL

Registered capital

Year 2016

- 24.1.1 The Company decrease its registered capital from the existing registered capital of Baht 480,534,076 to Baht 473,234,076 comprising 473,234,076 ordinary shares at the par value of Baht 1 each by write-off the general authorization 7,300,000 ordinary shares has not been used.
- 24.1.2 The Company increases its registered capital from the existing registered capital of Baht 473,234,076 to Baht 477,234,076 comprising 477,234,076 shares ordinary shares at the par value of Baht 1 each, to accommodate the purchase of ordinary shares offered to directors and employees of the Company No.2 (ESOP-2).
- 24.1.3 The Company allocated the increase of 4,000,000 ordinary shares, at the par value of Baht 1 each, to accommodate the purchase of ordinary shares offered to directors and employees of the Company No.2 (ESOP-2).

Year 2015

- 24.1.4 The Company decreased its registered capital from the existing registered capital of Baht 394,922,823 to Baht 384,907,732 at the par value of Baht 1 each by writing off the remaining 15,091 shares from the exercise of the already expired SIMAT-W1 Warrant, and the 10,000,000 common shares reserved for General Mandate.
- 24.1.5 The Company increased its registered capital by Baht 95,626,344 comprising 95,626,344 common shares at the par value of Baht 1 each, from the existing registered capital of Baht 384,907,732 to yield a total of Baht 480,534,076 at the par value of Baht 1 each to accommodate the exercise Warrant No. 2 (SIMAT-W2) for 37,813,172 common shares, the exercise of the Warrant No. 3 (SIMAT-W3) for 37,813,172 common shares and the capital increase by General Mandate for 20,000,000 common shares.

Issued and paid up capital**Year 2016**

24.2.1 The Company registered the paid-up share capital from Baht 394,138,985 to Baht 395,742,431 with the Ministry of Commerce on May 31, 2016 due to the holders of warrant purchased common stock of the Company (ESOP) of 993,893 unit or 1,603,446 shares on May 31, 2016.

Year 2015

24.2.2 The Company registered the paid-up share capital from Baht 371,131,721 to Baht 378,131,721 with the Ministry of Commerce on March 17, 2015 to issue 7,000,000 new ordinary shares for private placement on February 9, 2015.

24.2.3 The Company registered the paid-up share capital from Baht 378,131,721 to Baht 384,138,985 with the Ministry of Commerce on June 11, 2015 due to warrant holders purchasing the Company's ordinary shares (ESOP) in the amount of 2,050,000 units or 3,307,264 shares on May 29, 2015 and the Company's increase the capital for private placement of 2,700,000 common shares on June 2, 2015.

24.2.4 The Company registered the paid-up share capital from Baht 384,138,985 to Baht 386,138,985 with the Ministry of Commerce on August 6, 2015 to issue 2,000,000 new ordinary shares for private placement on July 24, 2015.

24.2.5 The Company registered the paid-up share capital from Baht 386,138,985 to Baht 394,138,985 with the Ministry of Commerce on September 30, 2015 to issue 8,000,000 new ordinary shares for the Private placement on September 28, 2015.

25. LEGAL RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside at least 5% of its net profit after deduction of deficit (if any) as a legal reserve until the reserve reaches 10% of the registered capital.

26. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Unit: Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Changes in inventories	(70,530)	44,354	(74,046)	23,589
Purchase of goods	919,911	951,233	111,855	117,685
Salary and wages and other employee benefits	149,903	169,993	98,599	107,923
Depreciation and amortisation	63,963	51,572	51,544	42,647

	Unit: Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Doubtful Debts	4,061	1,245	3,990	1,218
Impairment loss on inventories (reversal)	2,118	(503)	-	(2,057)
Cost of warranty	10,456	4,816	1,643	4,816
Rental expense	25,417	25,202	22,494	19,962
Purchase of software	51,525	409	6,434	409
Share-based payment	1,057	815	1,057	815

27. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated as follows:

	Consolidated financial		Separate financial statements	
	statements		statements	
	2016	2015	2016	2015
Net loss attributable to shareholders of the parent (Thousands Baht)	(10,979)	(80,329)	(19,234)	(85,437)
Number of ordinary shares outstanding at beginning of year (Thousands shares)	394,139	371,132	394,139	371,132
Effect of shares issued during the year	-	9,920	-	9,920
Effect of exercised warrants	942	1,948	942	1,948
Weighted average number of ordinary shares outstanding during the year (basic) (Thousands shares)	395,081	383,000	395,081	383,000
Basic loss per share (Baht)	(0.01)	(0.21)	(0.05)	(0.22)
Number of ordinary shares outstanding (basic) (Thousands shares)	395,081	383,000	395,081	383,000
Effect of ESOP to be exercised	911	2,466	911	2,466
Weighted average number of ordinary shares outstanding during the year (diluted) (Thousands shares)	395,992	385,466	395,992	385,466
Diluted loss per share (Baht)	(0.01)	(0.21)	(0.05)	(0.22)

28. PROVIDENT FUND

On June 20, 2006, the Company and local subsidiaries and their employees jointly established a provident fund plan as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. Employees and the Company and its subsidiaries contribute to the fund, both the letter at the rate of 3 percent of employee salaries. The provident fund will be paid to the employees upon termination of employment in accordance with fund rules. The fund is managed by Thanachart Bank.

During the years ended December 31, 2016 and 2015, the Company and local subsidiaries contributed a total of Baht 1.51 million and Baht 1.59 million to the fund, respectively.

29. DISCLOSURE OF FINANCIAL INSTRUMENTS

Foreign Currency Risk

The Company and subsidiaries are exposed to foreign currency risks primarily related to accounts payable. The Company and subsidiaries do not entered forward exchange contracts for trading or speculation purpose.

Interest Rate Risk

The interest rate risk is related to future movements in market interest rates that will affect the results of the Company and subsidiary's operations and their cash flows. The Company and subsidiaries are exposed to interest rate risk primarily related to deposits with banks and borrowings from financial institutions as follows:

	Unit : Million Baht			
	Consolidated financial statements			
	2016			
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	3	57	60
Restricted deposits with banks	-	31	121	152
Bank overdraft and short-term loan				
from financial institutions	132	-	-	132
Short-term loan	-	135	-	135
Long-term loan	16	125	-	140

Unit : Million Baht				
Consolidated financial statements				
2015				
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	3	55	58
Restricted deposits with banks	-	132	-	132
Bank overdraft and short-term loan from financial institutions	190	-	-	190
Long-term loan	-	177	-	177

Unit : Million Baht				
Separate financial statements				
2016				
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	3	41	44
Restricted deposits with banks	-	24	-	24
Bank overdraft and short-term loan from financial institution	3	-	-	3
Short-term loan	-	135	-	135
Long-term loan	16	80	-	96

Unit : Million Baht				
Separate financial statements				
2015				
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	3	6	9
Restricted deposits with banks	-	14	-	14
Bank overdraft and short-term loan				
from financial institution	9	-	-	9
Long-term loan	20	110	-	130

Financial assets with fixed interest rates as of December 31, 2016 and 2015, and the period of time from the balance sheet date to their maturity dates are as follows:

Unit: Million Baht						
Consolidated financial statement						
2016						
	At call	1 - 6 months	7 - 12 months	Over 1 year	Total	Interest rate
Financial assets/liabilities						
Restricted deposits with banks	-	-	-	152	152	0.80%-3.20%
Long-term loan	-	-	-	140	140	4.60%-6.40%

Unit: Million Baht						
Consolidated financial statement						
2015						
	At call	1 - 6 months	7 - 12 months	Over 1 year	Total	Interest rate
Financial assets/liabilities						
Restricted deposits with banks	-	4	128	-	132	0.80%-3.20%
Long-term loan	-	-	-	177	177	4.60%-6.40%

Unit: Million Baht						
Separate financial statements						
2016						
	At call	1 - 6 months	7 - 12 months	Over 1 year	Total	Interest rate
Financial assets/liabilities						
Restricted deposits with banks	-	-	-	24	24	0.80%-0.90%
Long-term loan	-	-	-	96	96	6.10%-6.40%

Unit: Million Baht						
Separate financial statements						
2015						
	At call	1 - 6 months	7 - 12 months	Over 1 year	Total	Interest rate
Financial assets/liabilities						
Restricted deposits with banks	-	4	10	-	14	0.80-1.10%
Long-term loan	-	-	-	130	130	MLR-0.75, 6.10-6.40%

Credit Risk

The Company provides credit term for many trade transactions. The Company manages its exposure to credit risk by closely monitoring collection of accounts receivable and focusing on overdue accounts. The Company will consider the provision for accounts receivable on amounts which may prove to be uncollectible. Currently, the Company does not expect major or significant losses from the collection of accounts receivable except the amount the allowance for doubtful accounts had been provided.

Fair value of Financial Instruments

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

- Financial assets are shown at estimated fair value.
- Financial liabilities are shown at their book value which is considered fair value because such liabilities will be matured in short-term and long-term loans bearing floating interest rates. Long term loans, bearing a fixed interest rate, have repayment periods within 3 years.

30. FINANCIAL INFORMATION BY SEGMENT

Segment information is presented in respect of the Group's geographic segments based on the Group's management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

Segment expenses are allocated based on the related revenue from sale of goods.

Segment assets are based on the geographical location of the assets.

Business segments

The Company's segmental information is divided into the enterprise data collection, production and sale of labels, broadband internet for upcountry region (Chiang Mai, Nakorn Ratchasima and Khon Kaen) and Bangkok metropolitan region and the distribution of computer hardware in Malaysia as presented in the financial statements for the years ended December 31, 2016 and 2015 as follows:

Unit: Thousands Baht

Consolidated financial statement

For the year ended December 31,2016

	Enterprise data collection	Production and sales of label	Broadband internet service			Total	Distribution of computer	
			Upcountry	Metro	Total	Domestic	hardware in Malaysia	Total
Revenues	101,544	312,813	131,068	17,044	148,112	562,469	710,017	1,272,486
Cost of sales and services	(61,486)	(203,505)	(117,068)	(16,042)	(133,110)	(398,101)	(642,980)	(1,041,081)
Gross profit (loss)	40,058	109,308	14,000	1,002	15,002	164,368	67,037	231,405
Gain (loss) on exchange rate	176	342	-	-	-	518	-	518
Other income	676	75	1,214	132	1,346	2,097	4,655	6,752
Selling expenses	(8,038)	(8,995)	(21,207)	(5,531)	(26,738)	(43,771)	(7,855)	(51,626)
Administrative expense	(56,829)	(22,496)	(31,237)	(4,221)	(35,458)	(114,783)	(49,328)	(164,111)
Finance cost	(4,375)	(1,367)	(5,945)	(967)	(6,912)	(12,654)	(13,515)	(26,169)
Share of profit of investments in associated company	1,322	-	-	-	-	1,322	-	1,322
Profit (loss) before income tax	(27,010)	76,867	(43,175)	(9,585)	(52,760)	(2,903)	994	(1,909)
Income tax benefit (expense)	15,973	(15,218)	-	-	-	755	(1,020)	(265)
Net profit (loss)	(11,037)	61,649	(43,175)	(9,585)	(52,760)	(2,148)	(26)	(2,174)
Profit (loss) attributable to Equity holders of the Company								(10,979)
Non-controlling interests								8,805
Total assets	269,356	139,293			632,997	1,041,646	435,066	1,476,712

Unit: Thousands Baht

Consolidated financial statement								
For the year ended December 31, 2015								
	Enterprise data collection	Production and sales of label	Broadband internet service			Total Domestic	Distribution of computer hardware in Malaysia	Total
			Upcountry	Metro	Total			
Revenues	232,890	160,973	63,709	895	64,604	458,467	932,898	1,391,365
Cost of sales and services	(179,820)	(109,963)	(85,282)	(1,838)	(87,120)	(376,903)	(855,848)	(1,232,751)
Gross profit (loss)	53,070	51,010	(21,573)	(943)	(22,516)	81,564	77,050	158,614
Loss on exchange rate	(706)	(821)	-	-	-	(1,527)	-	(1,527)
Other income	1,053	583	597	-	597	2,233	5,140	7,373
Selling expenses	(13,786)	(10,713)	(16,177)	(1,571)	(17,748)	(42,247)	(6,849)	(49,096)
Administrative expense	(65,527)	(12,074)	(28,562)	(499)	(29,061)	(106,662)	(48,152)	(154,814)
Finance cost	(2,305)	(1,041)	(7,471)	-	(7,471)	(10,817)	(17,753)	(28,570)
Share of profit of investments in associated company	3,153	-	-	-	-	3,153	-	3,153
Profit (loss) before income tax	(25,048)	26,944	(73,186)	(3,013)	(76,199)	(74,303)	9,436	(64,867)
Income tax benefit (expense)	395	(5,706)	-	-	-	(5,311)	(5,623)	(10,934)
Net profit (loss)	(24,653)	21,238	(73,186)	(3,013)	(76,199)	(79,614)	3,813	(75,801)
Profit (loss) attributable to Equity holders of the Company								(80,329)
Non-controlling interests								4,528
Total assets	160,346	96,993			598,924	856,263	510,115	1,366,378

The Company has revenue from broadband internet service under its License to Provide Internet Service – Form No 3, with License No. NTC/MM/INT/001/2555 for the years ended December 31, 2016 and 2015 as follows

	Unit : Baht	
	2016	2015
Internet Service Revenue	148,111,798.30	64,603,851.73

31. INCOME TAX

Income tax expenses for the year ended December 31, 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loss before income tax	(1,909)	(64,867)	(35,207)	(85,833)
Income tax rate	20%	20%	20%	20%
Current income tax expense as tax rate	(381)	(12,974)	(7,041)	(17,167)
Non-deductible expenses by the Revenue				
Code	1,167	1,777	1,374	350
Dividend income	-	-	(10,306)	(3,068)
Non-taxable income	(190)	(89)	-	-
Unused tax loss	-	20,126	-	19,489
Share of gain in associated company	(264)	(630)	-	-
Deferred tax over provision in prior year	(67)	(442)	-	-
Tax expense under provision in prior year	(86)	2,689	-	-
Difference from income tax rate	86	477	-	-
Income tax expense (benefit)	265	10,934	(15,973)	(396)
Average effective tax rate	(14%)	(17%)	(45%)	(1%)

The overseas subsidiary is subject to income tax rate of 24% and 25% for the calculation of corporate income tax for the years ended December 31, 2016 and 2015, respectively.

32. COMMITMENTS

Corporate guarantee

As at December 31, 2016 and 2015, the Company has provided corporate guarantees to a financial institution of the subsidiary company in Malaysia not exceeding 60% of the subsidiary's debt and interest due to the financial institution.

As at December 31, 2016 and 2015 the Company provided a corporate guarantee for a financial lease for a subsidiary company in Thailand.

Bank guarantee

As at December 31, 2016 and 2015, the Company and subsidiary had outstanding bank guarantee issued on behalf of the Company and for which it is contingently liable to its customers pursuant to a sales agreement and bidding amount of Baht 96.39 million and Baht 134 million, respectively.

Operating lease commitments

The Company and its subsidiaries have commitments under long-term lease and service agreements, mainly relating to the rental of office space. Summarized below are the future rental and service fees under the agreements:

	Unit: Thousands Baht	
	Consolidated financial statement	Separate financial statement
Due within 1 year	18,821	16,455
Due over 1 year but not over 5 years	21,092	19,909
Total	<u>39,913</u>	<u>36,364</u>

33. WARRANT

The Annual General Shareholders' Meeting held on April 29, 2015 approved to issue:

- Warrant no. 2 (SIMAT-W2) not in excess of 37,813,172 units to purchase ordinary share of the Company to the existing shareholders (Rights offer) at the ratio of 10 existing shares per warrant unit with free value. The warrants have a 5-year term from the issue date and an exercise price of Baht 15 per share.
- Warrant no. 3 (SIMAT-W3), not in excess of 37,813,172 units, to purchase ordinary share of the Company to the existing shareholders (Rights offer) at the ratio of 10 existing shares per warrant unit with free value. Warrants have a 10-year from the issuing date and an exercise price of Baht 30 per share.

As at December 31, 2016, there has been no warrant exercise.

34. RESERVE FOR SHARE-BASED PAYMENT

The Company issued and sold the ESOP warrants allocated to Directors/Executives or employees, the details of which are as follows:

Type of Warrant	:	Non-transferable and specified the holder's name, to purchase the Company's ordinary shares
Issuance and Offering Date	:	May 4, 2012
Issuing Units	:	5,000,000 units
Term of Warrant	:	5 Years
Exercise Price	:	1.8 Baht per share (Subject to change according to rights adjustment)
Exercise Ratio	:	1 unit of warrant for 1 ordinary shares (Subject to change according to rights adjustment)
Exercise Period	:	The holder can exercise warrants annually from issue date, but not exceeding 20% of the total allocated warrants per year. The unexercised warrants can be accumulated for exercise in the following year.
Exercise Date	:	The last working day of every month throughout the warrant term

On May 8, 2012, the Company adjusted warrant rate to 1.1000 shares per warrant at the exercise price of Baht 1.6364 per share.

On May 7, 2013, the Company adjusted warrant rate to 1.4667 shares per warrant at the exercise price of Baht 1.2273 per share.

On May 6, 2014, the Company adjusted warrant rate to 1.6133 shares per warrant at the exercise price of Baht 1.1157 per share.

On May 31, 2016, holders of warrants to purchase common shares of the Company exercised their rights for 993,893 warrant units (or 1,603,446 shares) at an exercise price of Baht 1.1157 per share. As at December 31, 2016, 906,107 warrant units (or the equivalent to 1,461,822 shares) remain unexercised.

During the year 2016, the Company issued the ESOP offer to directors and employees of the Company No.2 (ESOP-2) comprising 4,000,000 units without value.

The details of the warrant issue are as follows:

Type of Warrant	:	Specifying the holder's name, to purchase the Company's ordinary shares.
Issue and Offer Date	:	-
Issuing Units	:	4,000,000 units
Term of Warrant	:	5 Years
Exercise Price	:	Baht 2.98 per share, average share closing rate of the company in the stock market 7 business days before directors approved the proposal to shares holders approving the warrant. Exercise price is inclusive of 10 percent discount (Subject to change according to a rights adjustment).

Exercise Ratio	:	1 warrant unit for 1 ordinary share (Subject to change according to a rights adjustment).
Exercise Period	:	Holder can exercise the warrants as follows: 1 st year: Exercises cannot exceed 10% of the total allocated warrants. 2 nd year: Exercises cannot exceed 25% of the total allocated warrants. 3 rd year: Exercises cannot exceed 45% of the total allocated warrants. 4 th year: Exercises cannot exceed 70% of the total allocated warrants. 5 th year: total allocated warrants can be exercise. Unexercised warrants can be accumulated for exercise within the next year.
Exercise Date	:	At last working day of every month throughout the warrant term. The last exercise must be made within 5 business days before the expiration date of the warrant term.

As at December 31, 2016, 2,890,000 warrant units remain unexercised.

35. LITIGATION

On December 26, 2013, the Company filed a lawsuit with the Administrative Court against CAT Telecom Public Company Limited ("CAT") to claim damages in the amount of Baht 665.62 million. According to the operating lease of optical fiber network system contracts with CAT for Nakorn Ratchasima and Chiang Mai provinces, dated June 10, 2011 and June 13, 2011, respectively, the Company purchased and completely installed equipment, and the entirely delivered the system to CAT for the Nakorn Ratchasima and Chiang Mai province networks on May 21, 2012 and July 11, 2012, respectively. However, CAT failed to accept delivery. The Company sent several reminder letters to CAT, but the latter failed to comply with the contract. Therefore, the Company exercised its right to terminate the contract on February 22, 2013 and then proceeded to litigate. The Administrative Court and assigned it as Undecided Case No. 2518/2556 on February 6, 2014. Currently, the case is still on the processing of the fact and evidence consideration by the Court.

Company as defendant

On April 2, 2014, the Company was sued for compensation by a supplier in the amount of Baht 8.56 million for the Company's breach of a purchase agreement. On June 15, 2015, the Civil Court rendered judgment that the Company must pay the supplier such compensation with interest. On September 10, 2015, the Company appealed to the Court and the Appeal Court had rendered judgment the same as Civil Court. Then, the Company request to extent the period for petition. Currently, the case is still on such process.

36. CAPITAL MANAGEMENT

The Board's policies are to maintain a strong capital base so as to provide assurance to shareholders, investors, creditors and its markets and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total shareholders' equity, (excluding non-controlling interests), and also monitors the level of dividends to ordinary shareholders.

37. EVENT AFTER THE REPORTING PERIOD

On January 11, 2016, the Company had entered into a loan agreement with a local bank in amount of Baht 20 million, interest rate at MLR per annum, due within 14 months from the first withdrawn. The loan has to be withdrawn within June 30, 2017. Further term, condition and collateral are determined in such agreement.

On January 11, 2016, the Company had entered into the supplemental agreement to former agreement in the amount of Baht 200 million with a local bank to amend repayment amount and terms. Further details are presented in such supplemental agreement.

On January 11, 2016, the Company had entered into the supplemental agreement to former agreement in the amount of Baht 20 million with a local bank to amend repayment amount and terms. Further details are presented in such supplemental agreement.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on February 28, 2017.