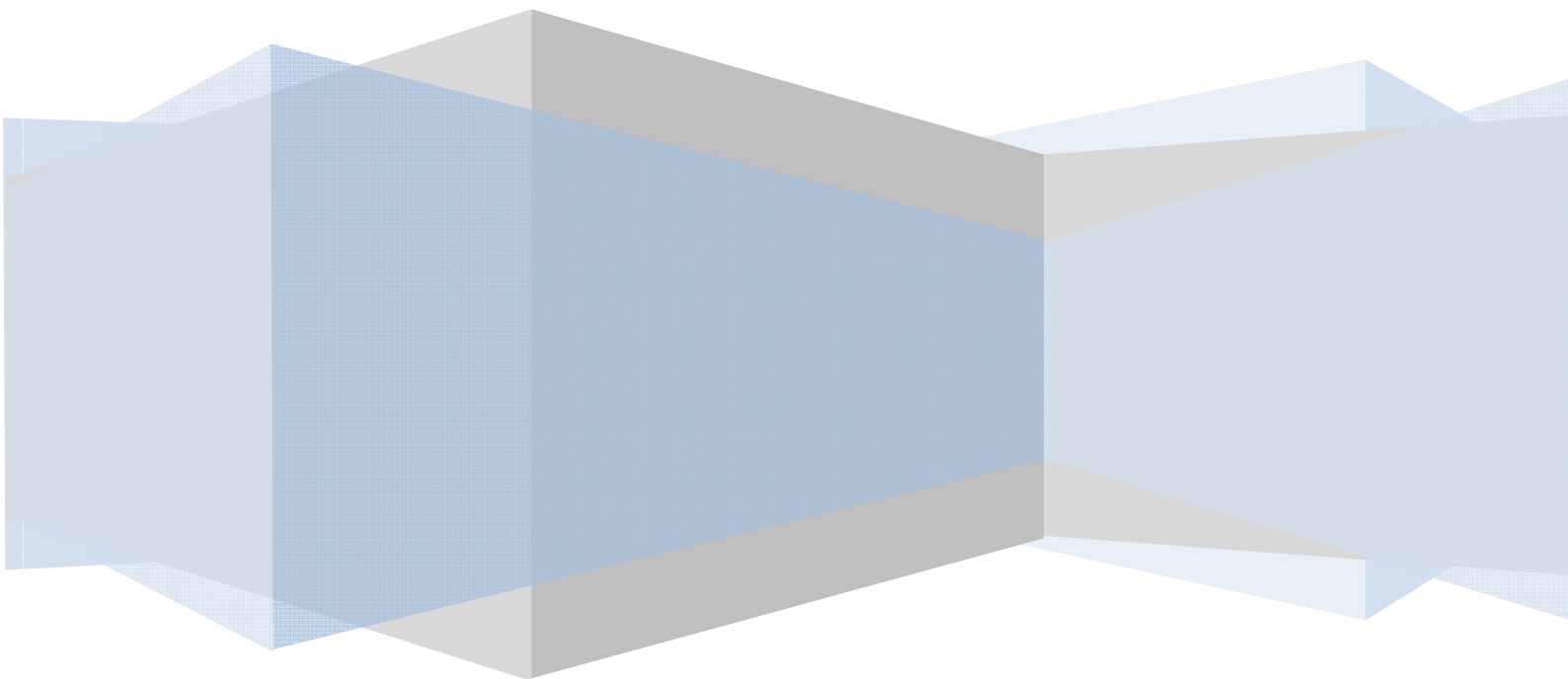


## Vision

We aim to be a leader in Information Technology solutions provider in Thailand

## Mission

- To provide high quality products and solutions that offer both performance and value for money
- To provide services compatible to International Standards
- To constantly strive to meet and/or exceed our customer satisfaction through quality of products and services
- To establish a successful business relationship beyond expectations with our customers and partners
- To continuously invest in training and upgrading the skill-sets of our employees



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## General Information

### Company

Name	Simat Technologies Public Company Limited
Nature of business	Provides of hardware, software and maintenance services with total solution for Enterprise Data Collection and Collation System
Office address	No. 61/2 Ladkrabang Industrial Estate, Moo 4, 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 75,000,000 (75,000,000 common shares at par value of Baht 1 each) Share registered: 78,700,000 common shares
Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110
Auditor	Mrs. Sumalee Chokdeeanant : CPA License no. 3322 or Mr. Somkid Tiatrakul : CPA License no. 2785 Grant Thornton Limited. No. 87/1, 18 <sup>th</sup> floor, Capital tower, All Seasons Place, Wireless road, Lumpini, Pathumwan, Bangkok 10330 Tel : (66) 0 2205 8222 Fax : (66) 0 2654 3339
Investor relation coordinator	Mr. Thammanoon Korkiatwanich Tel : (66) 0 2326 0999 ext. 1211 Fax : (66) 0 2326 1014
Company website	<a href="http://www.simat.co.th">www.simat.co.th</a>

**Subsidiary companies**

<b>Name</b>	<b>Simat Soft Company Limited</b>
Nature of business	Develop application programs for mobile computer (integrated mobile computing solution provider) for data storage system in organization
Office address	No. 61/2 Ladkrabang Industrial Estate, Moo 4, 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%

<b>Name</b>	<b>Simat Label Company Limited</b>
Nature of business	Production and sales of sticker, label, barcode paper and related supplies
Office address	No. 61/2 Ladkrabang Industrial Estate, Moo 4, 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 24,000,000 (2,400,000 common shares at par value of Baht 10 each) Share registered: 2,400,000 common shares
% of share holding by Company	80%

**Subsidiary companies**

<b>Name</b>	<b>E-Tech Distribution Company Limited</b>
Nature of business	Sales of computer hardware and accessories
Office address	No. 61/2 Ladkrabang Industrial Estate, Moo 4, 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 1,250,000 (500,000 common shares at par value of Baht 10 each and paid-up 25%) Share registered: 500,000 shares
% of share holding by Company	51% by Company and 49% by E-Tech IT Sdn., Bhd. (a subsidiary)

<b>Name</b>	<b>E-Tech IT Sdn., Bhd. (Malaysia)</b>
Nature of business	Sales of computer hardware, software and accessories and IT support services
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 4,000,000 (4,000,000 common shares at par value of Ringgit 1 each) Share registered: 5,000,000 common shares
% of share holding by Company	60%

<b>Name</b>	<b>E-Tech IT Solution Pte Ltd. (Singapore)</b>
Nature of business	Sales of computer hardware and software
Office address	Manhattan House, 151 Chin Swee Road #06-01, Singapore 169876 Tel : 63372163
Registration date	Registered as Company limited in 2006 Register no. 200612012E
Paid-up share capital	Singapore dollar 100,000 (100,000 common shares at par value of Singapore dollar 1 each) Share registered: 100,000 shares
% of share holding by subsidiary company	60% by E-Tech IT Sdn., Bhd.

**Associate companies**

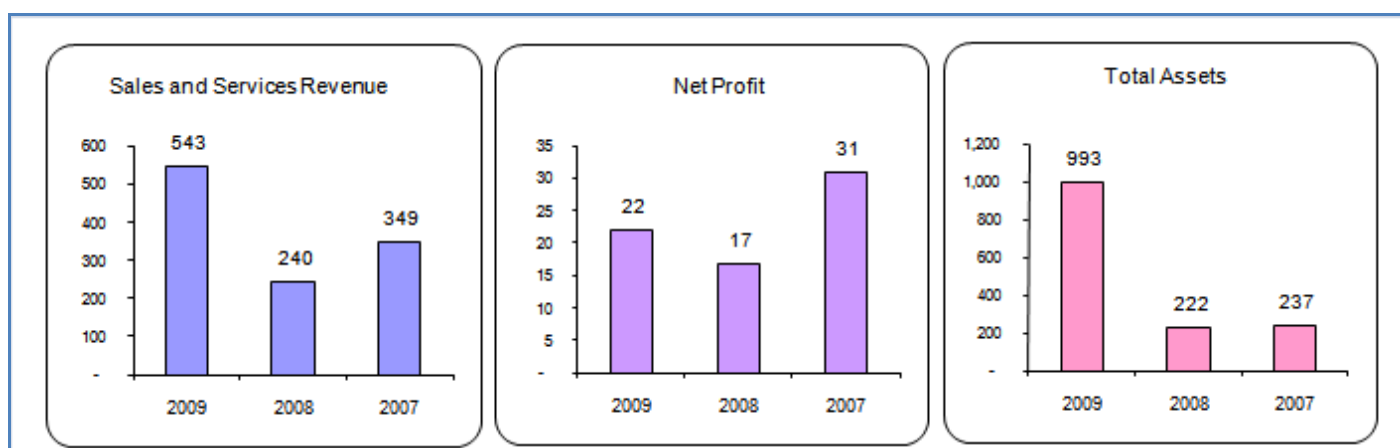
<b>Name</b>	<b>Sino Trading and Services Corporation</b>
Nature of business	Provides of hardware, software and maintenance services with total solution for Enterprise Data Collection and Collation System
Office address	No. 27, Dang Tat street, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam Tel : +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%

<b>Name</b>	<b>High Rich Trading and Services Corporation</b>
Nature of business	Production and sales of sticker, label, barcode paper and related supplies
Office address	No. 27, Dang Tat street, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam Tel : +84-8-8482619 Fax : +84-8-8437064
Registration number	4103012125
Paid-up share capital	VND 1,070,000,000 (107,000 common shares at par value of VND 10,000 each)
% of share holding by subsidiary company	40% by Simat Label Company Limited

## Financial Highlights

Consolidated Financial Statements	2009	2008	2007
Unit : Baht Million			
Revenues from sales and services	543.19	240.41	348.62
Gross profit	103.24	82.86	91.69
Net profit	21.97	16.59	30.76
Total assets	993.38	221.98	237.40
Shareholders' equity	196.17	159.48	161.93
Unit : Baht			
Par value	1.00	1.00	1.00
Earnings per share	0.29	0.22	0.53
Dividends per share	0.05*	0.10	0.19
Total assets per share	13.24	2.96	4.11
Shareholders' equity per share	2.61	2.13	2.80
Financial ratio			
Net profit margin	4.04%	6.90%	8.82%
Gross profit margin	19.01%	34.47%	26.30%
Net profit / Total assets	2.21%	7.47%	12.96%
Net profit / Shareholders' equity	11.20%	10.40%	19.00%
Debt / Equity	406.38%	39.19%	46.61%

\* Propose to Annual General Shareholders' Meeting 2010 to approve the dividend payment from the operating result of 2009.





### Report from Board of Directors

In 2009, Thai economy is expected to shrink about 2.7% from prior year. However, the second-half of the year, there was a sign of recovery according to the recovery of world economy and the domestic flexible financing and monetary policy help to arouse the economy and support the improvement of manufacturer and consumer's confidence. Therefore, the domestic demand increased in the second-half of the year however the recovery is still at the low rate. From the economic status as mentioned, the Company's revenue and net profit for the first half-year decreased from last year significantly because many customers delay their investments during the recession. However, the situation was getting better at the end of the third quarter and improved very much during the last quarter of the year.

In addition, during the end of year 2009, the Company acquired a subsidiary company in Malaysia by purchasing 60% of total shares. This subsidiary is a wholesaler of information technology (IT) hardware, software and maintenance services. This investment would expand the business, enable the Company to provide more variety of products and increase the revenue and profitability. From the acquisition of subsidiary in Malaysia, the net profit of this subsidiary during the end of the year could be consolidated with the Company's net profit therefore the consolidated net profit is higher than prior year.

For the year 2010, the Company expected that revenue and net profit will improve as the good sign of recovery. In this year, the Company hired a foreign management who is an expert and has many year experiences in Enterprise Data Collection and Collation System to handle the sales and marketing function in order to achieve the target. Apart from emphasizing on sales and marketing, the Company also focuses on the quality control of products and services. This year, the Company is certified the quality standard ISO 9001:2008 from UKAS which can better improve the work effectiveness and efficiency within the organization and also create the customer's trust for quality of our products and services.

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(Mr. Tan Bak Hong)

Chairman


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(Mr. Thongkam Manasilapapan)


Chief Executive Officer




## Board of Directors

	<b>Mr. Tan Bak Hong</b> Chairman Percentage of Shareholding: 36.75% 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 2009: 6/9 times	
	<b>Education:</b> - Bachelor of Engineering University of Malaya - Training in Director Accreditation Program (DAP), Thai Institute of Directors	
<b>Work experience:</b>		
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 Solution 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	E-Tech Distribution

	<b>Mr. Thongkam Manasilapapan</b> Deputy Chairman Percentage of Shareholding: 34.50% 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 2009: 9/9 times	
	<b>Education:</b> - 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	
<b>Work experience:</b>		
Period	Title	Name of / Company
1999 – present	Deputy Chairman and 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 and High Rich Trading & Service Corp.
2009 – present	Director	E-Tech IT Sdn., Bhd.
2009 – present	Director	E-Tech Distribution

	<b>Mr. Tan Bak Leng</b> 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 2009: 6/9 times	
	<b>Education:</b> - Diploma in Electronic Engineering French Singapore Institute - Training in Director Accreditation Program (DAP), Thai Institute of Directors	
<b>Work experience:</b>		
Period	Title	Name of / Company
2004 – present	Director	Simat Technologies PCL.
2004 – present	Director	Grand-Flo Solution Berhad
1996 – present	Director	Grand-Flo Electronic System Sdn,Bhd

	<p>Mr. Tan Chuan Hock</p> <p>Director</p> <p>Percentage of Shareholding: 0%</p> <p>Specialized experience: expert in finance and business acquisition</p> <p>Relationship among management: None</p> <p>Participation in Board of Directors' meeting in year 2009: 6/9 times</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- Member of Malaysian Institute of Accountant and Malaysian Institute of Taxation</li> <li>- Member of Association of Chartered Certified Accountants ("ACCA")</li> <li>- Training in Director Accreditation Program (DAP), Thai Institute of Directors</li> </ul>	
Work experience:		
Period	Title	Name of / Company
2004 – present	Director	Simat Technologies PCL.
2004 – present	Director	Grand-Flo Solution Berhad

	<p>Mr. Nguyen Quyet Thang</p> <p>Director</p> <p>Percentage of Shareholding: 0%</p> <p>Specialized experience: expert in EDCCS Technologies</p> <p>Relationship among management: None</p> <p>Participation in Board of Directors' meeting in year 2009: 3/6 times</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- Bachelor of Computer Science, University of Technologies Ho Chi Minh City</li> </ul>	
Work experience:		
Period	Title	Name of / Company
1996 – present	Managing Director	Sino Trading & Services (Associate)
2003 – present	Director	High Rich Trading & Services (Associate)
2009 – present	Director	Simat Technologies PCL.



Mr. Worachi 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 2009: 9/9 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
2007– present	Director	Simat Technologies PCL.
2004 – present	Director	Idex Technologies Co., Ltd.
2003 - present	Director	Orisoft (Thailand) Co., Ltd.
1999 – Mar'09	Director	Polsiri International Co., Ltd.
2009 – present	Director	Breadtalk (Thailand) Co., Ltd.
Feb'10 - present	Director	Taster Food (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: 4 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 2009: 9/9 times

Participation in Audit Committees' meeting in year 2009: 6/6 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

	<p><b>Mr. Narongrit Rerkpattanapipat</b>  <b>Independent Director / Audit Committee</b></p> <p>Percentage of Shareholding: 0%</p> <p>Specialized experience: expert in financial audit and accounting standards</p> <p>Relationship among management: None</p> <p>Participation in Board of Directors' meeting in year 2009: 9/9 times</p> <p>Participation in Audit Committees' meeting in year 2009: 6/6 times</p>		
	<p><b>Education:</b></p> <ul style="list-style-type: none"> <li>- BBA (Accounting), Assumption University</li> <li>- Certified Public Accountant, License no. 8093</li> <li>- Training in Director Accreditation Program (DAP), Thai Institute of Directors</li> </ul>		
<b>Work experience:</b>			
	<b>Period</b>	<b>Title</b>	<b>Name of / Company</b>
	2008 – present	Audit Committee	Simat Technologies PCL.
	2005 – present	Senior Audit Manager	PriceWaterHouseCoopers ABAS Limited
	1999 - 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited
<b>Nature of relationship</b>			
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			
<ul style="list-style-type: none"> <li>- As the director participated in management, employee, worker or consultant who receives the salary: None</li> <li>- As the professional service provider: None</li> <li>- Business relationship: None</li> </ul>			
<b>Act as a Director/Others at present</b>			
<ul style="list-style-type: none"> <li>- Other Listed Companies: None</li> <li>- Non-Listed Companies: None</li> <li>- Other juristic person with Conflict of interest: None</li> </ul>			



**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 2009: 8/9 times

Participation in Audit Committees' meeting in year 2009: 5/6 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.
2009 - present	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


	<p>Mr. Thongkam Manasilapapan</p> <p>Deputy Chairman</p> <p>Percentage of Shareholding: 34.50%</p> <p>Authorized director who can sign on behalf of the Company according to the affidavit</p> <p>Specialized experience: expert in EDCCS Technologies</p> <p>Relationship among management: None</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- Bachelor of Engineering (Civil Engineering), South East Asia University</li> <li>- Certificate of Managing Information System (Cert. MIS) University of California), USA</li> <li>- Executive MBAs, Chulalongkorn University</li> <li>- Director Accreditation Program (DAP), Thai Institute of Directors</li> </ul>	
Work experience:		
Period	Title	Name of / Company
1999 – present	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 and High Rich Trading & Service Corp.
2009 – present	Director	E-Tech IT Sdn., Bhd.
2009 – present	Director	E-Tech Distribution

	<p>Mr. Stuart Scott</p> <p>Executive Sales and Marketing Director</p> <p>Percentage of Shareholding: 0%</p> <p>Specialized experience: expert in EDCCS Technologies</p> <p>Relationship among management: None</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- HND Physics and Computing, North Staffordshire Polytechnic</li> <li>- HND Business, Finance and Marketing, Reading College</li> </ul>	
Work experience:		
Period	Title	Name of / Company
Jul'96 – Jun'98	Senior Manager, Product Marketing	Symbol Technologies EMEA
Jul'98 – Jun'00	Senior Manager of Marketing Services	Symbol Technologies UK
Jul'00 – Mar'05	Director of Marketing and Business Development	Intermec Technologies
Apr'05 – 2008	Senior Director of International Marketing	Intermec Technologies
2010 – present	Executive Sales and Marketing Director	Simat Technologies PCL.



	<p>Mr. Thammanoon Korkiatwanich            Executive Accounting and Finance Director            Percentage of Shareholding: 0%            Specialized experience: expert in accounting, finance and financial audit            Relationship among management: None</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- BBA (Accounting), Assumption University</li> <li>- MBA, National Institute of Development Administration (NIDA)</li> <li>- Certified Public Accountant, License no. 7331</li> </ul>	
Work experience:		
Period	Title	Name of / Company
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	E-Tech Distribution Co., Ltd.
2005– 2006	Audit Manager	PriceWaterHouseCoopers ABAS Limited
1999 - 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited

	<p>Ms. Narisara Prasertsang            Executive Operation Director            Percentage of Shareholding: 0%            Specialized experience: expert in EDCCS Technologies            Relationship among management: None</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- Bachelor of Computer Science, Mahidol University International College</li> <li>- MA Business Studies, University of Sunderland, United Kingdom</li> </ul>	
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.

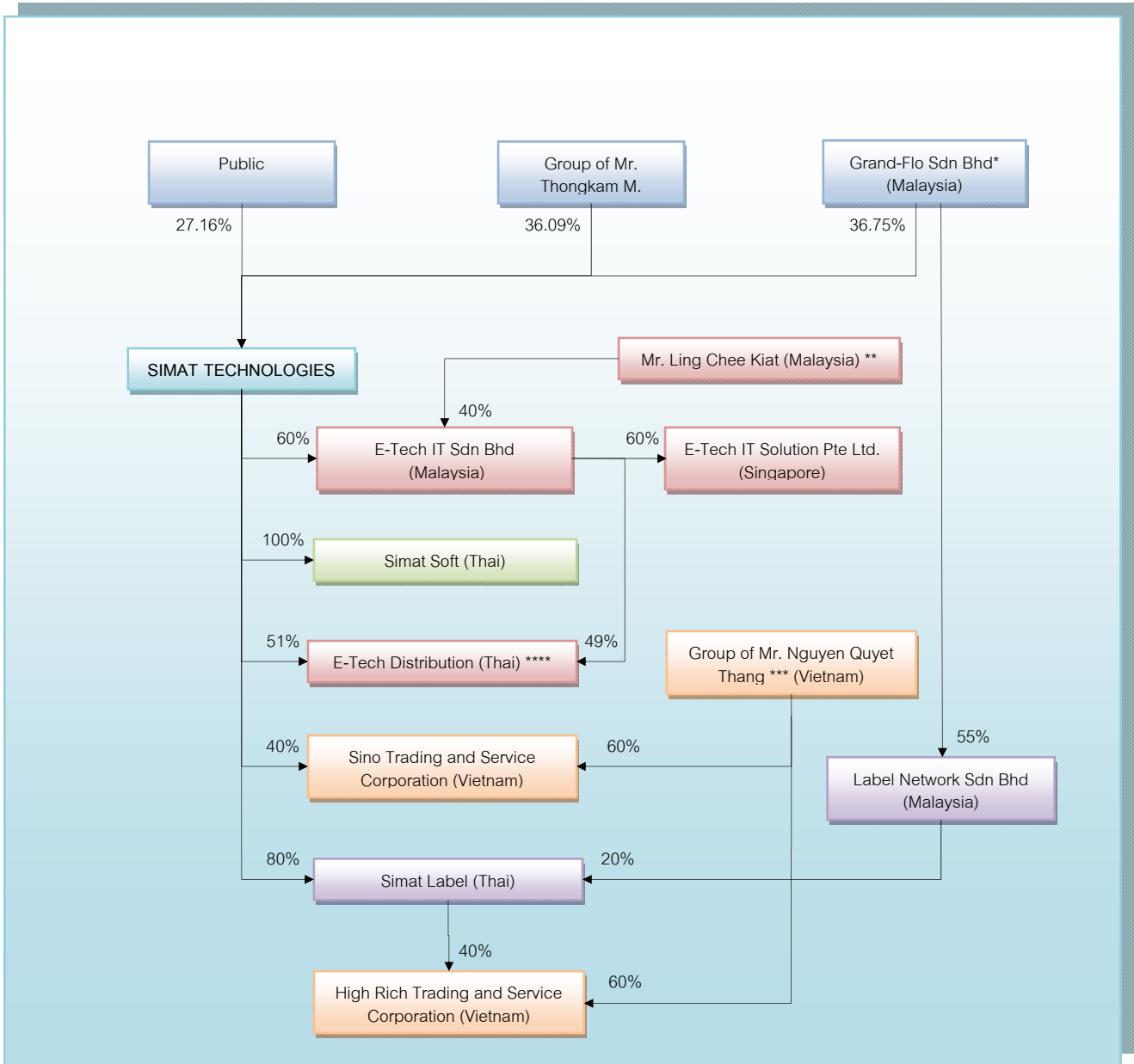
	<p>Mr. Kokiatt Kitkaona</p> <p>Technical Sale Support Director</p> <p>Percentage of Shareholding: 0%</p> <p>Specialized experience: expert in EDCCS Technologies</p> <p>Relationship among management: None</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- Bachelor of Science in Computer Science, Kasetsart University</li> <li>- Master of Science (Information Technologies), King Mongkut's Institute of Technology Ladkrabang</li> </ul>	
Work experience:		
Period	Title	Name of / Company
2007 – present	Technical Sale Support Director	Simat Technologies PCL.
2004 – 2006	Business Development Manager	Simat Technologies PCL.
2002 – 2003	Senior Software Engineering	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 Companies		Related Companies								
		Thailand			Malaysia	Singapore	Vietnam		Malaysia						China	Thailand	
		Simat Soft	Simat Labels	E-Tech IT Distribution	E-Tech IT Sdn., Bhd.	E-Tech IT Solution PTE	Sino Trading and Services	High Rich Trading and Services	Grand-Flo Solution Berhad	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	S. Siri Transport
Mr. Tan Bak Hong	X	/	/	/	<	/	/	/#	/	/#	/	/	/	/	/	/	
Mr. Thongkam Manasilapapan	/#	/#	/#	/#	/	<	/	/	/								/
Mr. Tan Bak Leng	/							/		/							
Mr. Tan Chuan Hock	/							/									
Mr. Nguyen Quyet Thang	/						/#	/#									
Mr. Worachai Charoonprasitporn	>																
Dr. Ranchana Rachatanavin	>																
Mr. Narongrit Rerkpattanapipat	>																
Ms. Kanwara Aurlpokaiyakul	>																
Mr. Stuart Scott	#																
Mr. Thammanoon Korkiatwanich	#	/	/	/													
Ms. Narisara Prasertsunk	#	/	/														
Mr. Kokiati Kitkaona	#																

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

Shareholding Structure of Company and subsidiaries



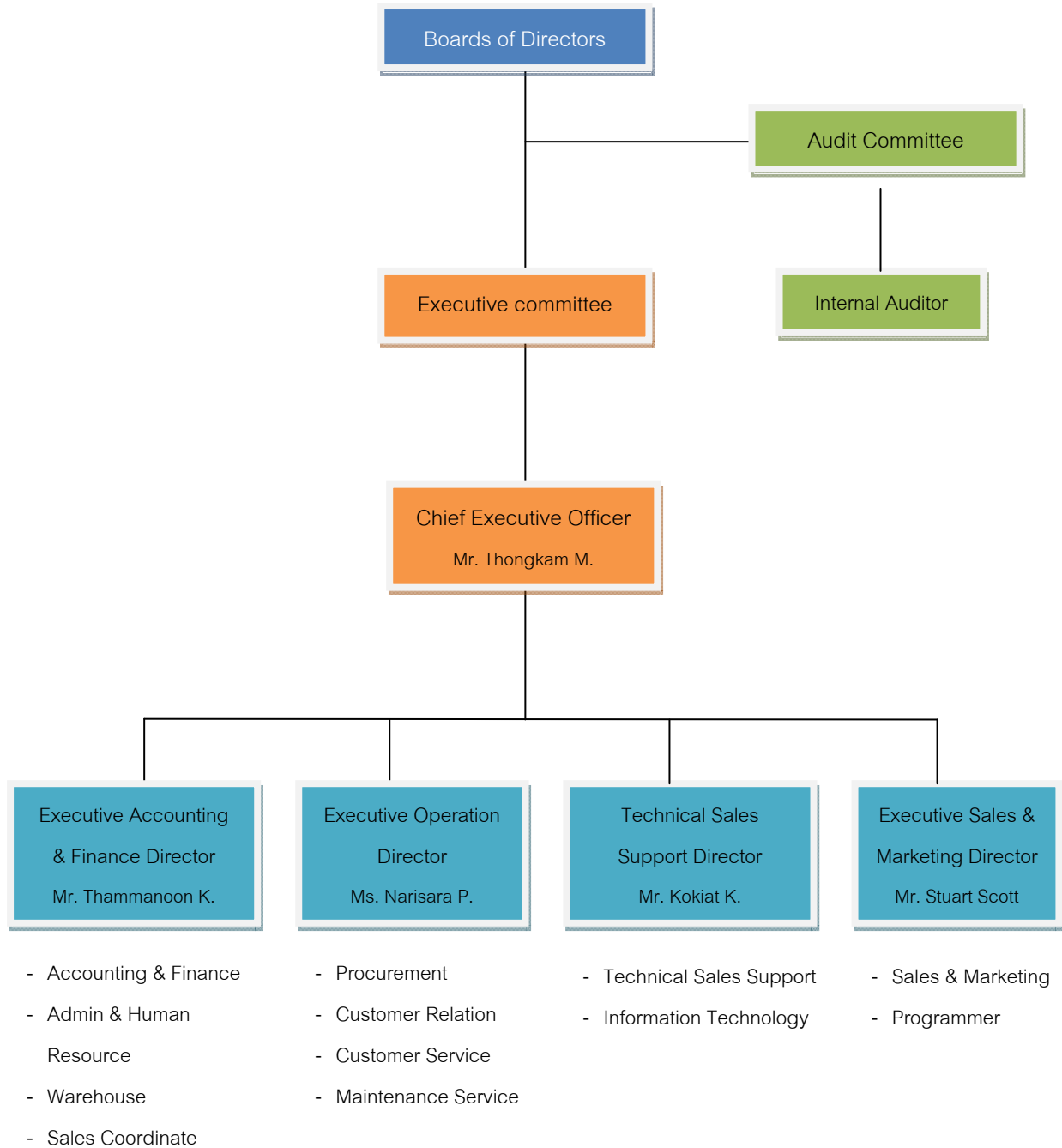
\* Mr. Tan Bak Hong (Chairman) indirectly holds 36.75% through Grand-flo Solution Berhad

\*\* Mr. Ling Chee Kiat holds 40% of total share of E-Tech IT Sdn Bhd (subsidiary) who is proposed to be a director in AGM 2010

\*\*\* Mr. Nguyen Quyet Thang (Director) holds 60% of total shares of Sino and High Rich (associates)

\*\*\*\* E-Tech Distribution Co., Ltd. (subsidiary) is formerly "Simat E-Tech (Thailand) Ltd"

Organization Chart



### Major Shareholders and Dividend Policy

Top ten of shareholders and the amount of shares on the closing registration date as of March 18, 2010.

Rank	Shareholders	No. of shares	%
1	The Grand-flo Solution Bhd	27,562,500	36.75
2	Mr. Thongkam Manasilapapan	25,873,560	34.50
3	Ms. Uraiwan Sae-Lee	3,500,000	4.67
4	Mr. Teerapol Sinchai	2,933,500	3.91
5	Mr. Nattaphat Rungsan	1,583,500	2.11
6	Mr. Boonchai Ampaimungkorn	1,429,500	1.91
7	Mr. Ronaphoom Suviriyakulchai	1,352,500	1.80
8	Ms. Chutikarn Manasilapapan	815,700	1.09
9	Asia Pacific Worldwide Co., Ltd.	685,400	0.91
10	Mr. Somjit Veerantavet	580,000	0.77
	Other shareholders	8,683,840	11.58
	<b>Total</b>	<b>75,000,000</b>	<b>100.00</b>

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

## Whether you are in Retail



## Whether you are in Logistic



## Whether you are in Manufacturing etc.



Principal businesses of the Company are a mobile computers provider and an integrated mobile computing solution provider for Enterprise Data Collection and Collation System ("EDCCS") which is connectable with Enterprise Resource Planning ("ERP") systems of customers' company such as SAP, Oracle, BAAN, and etc. The benefits of EDCCS system to the Company's customers are:

- (1) receiving more useful and more accurate data for decision making such as information concerning inventory, raw material, etc., which will help with time, workforce, goods, and resources management, reduce paper usage, increase efficiency and productivity of organization, and
- (2) providing real time information to resources management which enables customers to utilize their resources more effectively.

The EDCCS system that the Company provides at the present time is the data recording and processing system with barcode technology. The Company is currently in the process of developing a market for Radio Frequency Identification ("RFID") system, a wireless technology using radio frequency to identify attribute of particular item. It is a market with a tendency to grow rapidly both domestically and internationally.

The Company provides hardware device, software programs development, and EDCCS-related system maintenance. At the present time, products and services of the Company can be divided into:

- (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 such as software related to the EDCCS system which the Company had developed for particular customers, for example, software for warehouse management system, sale force automation system, as well as also other system software which was designed based on the need of particular customers (customized software).
  - (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) Business of Label, manufacturing and sales of sticker and label paper as customer's order. This business will create value-added to the Company's Barcode printer hardware and generate recurring income as the products are supplies for customer use regularly.

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). At present, Grand-Flo holds the Company's share 36.75 percent shares of registered capital. 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 2008, the Company established Simat Label Company Limited ("Subsidiary") in which the Company holds 60 percent of its shares. This subsidiary engages in business of manufacturing and sales of sticker, label, barcode paper and related supplies which will create the value-added to the Company's Barcode printer hardware and generate recurring income as the products are supplies for customer use regularly. Later in 2009, the percentage of shareholding by the Company in Simat Label increased from 60% to 80% as Simat Label raised its capital from Baht 12 million to Baht 24 million.

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 and High Rich Trading and Services Corporation ("Associate") in which Simat Label Company Limited holds 40% of its shares. Both associate companies engage the same business as the Company. This will help the Company expanding its market to Vietnam which has the high level of economic growth.

In 2009, the Company established E-Tech Distribution Company Limited ("Subsidiary") (Formerly "Simat E-Tech (Thailand) Limited) in which the Company holds 51% of its shares and the remaining 49% held by E-Tech IT Sdn., Bhd. This subsidiary engages in business of sales of computer hardware about the Point of sales system.

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.



## Revenue Structure



Thailand	Hardware & software sales	Maintenance services	Rental of equipment	Label business	Total
Unit: '000 Baht					
2009	158,307	45,626	3,659	18,556	226,148
2008	189,649	44,744	4,136	1,879*	240,408
2007	291,400	47,716	9,507	-	348,623

\* The Company established a subsidiary in label business in May 2008

Vietnam	Hardware & software sales	Label business	Total	% of shareholding	Share of profit from associate
Unit: '000 Baht					
2009	56,780	11,307	68,087	40	3,864
2008	53,333	9,946	63,279	40	332**

\*\* The Company invested in associate in Vietnam during the mid of November 2008

Malaysia	Total sales for the year	Sales of December 09	% of shareholding
Unit: '000 Baht			
2009	1,306,272	317,037**	60
2008	1,421,211		

\*\*\* The Company acquired the subsidiary in Malaysia in December 2009

## 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.

Value of Thailand IT Market during 2008 – 2009 and the forecast of 2010

IT Market	Value (Million Baht)			Market Proportion (%)			Growth (%)	
	2008	2009	2010F	2008	2009	2010F	08/09	09/10
Hardware	75,720	80,869	88,040	46	42	41	7	9
Software	62,937	64,365	67,884	38	33	32	2	6
Service	24,981	48,372	57,392	16	25	27	92	19
<b>Total</b>	<b>163,638</b>	<b>193,606</b>	<b>213,316</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>18</b>	<b>10</b>

Source: SIPA

Remark: Information exclude the Data Communication Equipment Market

In 2009, Thai economy is expected to shrink about 2.7% from prior year. However, the second-half of the year, there was a sign of recovery according to the recovery of world economy and the domestic flexible financing and monetary policy help to arouse the economy and support the improvement of manufacturer and consumer's confidence. Therefore, the domestic demand increased in the second-half of the year however the recovery is still at the low rate.

As considering the IT Market which comprise of Hardware, Software and Computer Services, we found that the IT market in year 2009 is Baht 193,606 million which grows from year 2008 about 18% and expects that in 2010 the market will grow at decreasing rate at 10% or value of Baht 213,316 million. As considering the market segment in year 2009, Hardware segment is still the largest segment at 42% which reduces a little bit from year 2008 and the subsequent ranks are Software and Computer Services at 33% and 25% respectively. Notice that the Services segment is growing continuously in which 16%, 25% and 27% from year 2008, 2009 and 2010 respectively. At the same time, Hardware and Software segment are shrinking slowly and continuously which go along with the world trend while Services segment is growing

continuously as it is playing a major role in the economic system. For Thailand, in year 2009, we found that the segment of Computer Services is account for 59% of total value of Hardware Market.

Products of the Company are niche products for which the customer base is large organizations which need to improve their management system to be more efficient, for example, large-scale retail business, large consumer product businesses, logistic businesses, and certain government agencies. The Company is aware of the potential of the size of the target customer market. This has a potential for considerably more expansion such as manufacturing related industry business, etc.

Business of the Company is an integrated information technology service for data storage and management focusing on mobile computers usage. At the present time, there is no assessment of total market value for this kind of products and services from any agency. As a result, it is not possible to clearly assess market share of the Company. This kind of business is highly competitive since competitors can enter into the business easily particularly in the form of mobile computers trading. However, mobile computers which are commonly used in Thailand are imported from two major American distributors, Symbol Technology Inc. (using "Symbol" trademark) and Intermec Inc. (using "Intermec" trademark). Selling prices of these products are dependent on the purchasing volume and the relationship between the buyer and the distributor. A newcomer in the business which still has a small customer base may be disadvantaged by the purchase price and thus it is difficult to compete in the market. Furthermore, most of the customers need continuous servicing, particularly in the aspect of long-term maintenance. Therefore a company that provides integrated solutions to its customers has advantages in business expansion and customer base maintenance.

The management believes that the Company has competitive advantages as follows:

- (1) Service network covering the whole country. After-sale service is at the heart of product sales and maintaining relationship with customers. The Company has many service staffs and service points staffed by at least one employee all over the country. This has resulted in the ability to reach out to the customers, thereby creating maximum satisfaction and resulting in customers' loyalty.
- (2) Good relationships with major distributors. With its good business's track record, the Company was appointed as a distributor and accredited as the first and a sole premier business partner in Thailand by Symbol, a major mobile computer manufacturer in the United States. The Company therefore received a special treatment with regard to prices, credit terms, and exchange of technologies.
- (3) Expertise in EDCCS technology. The Company has the research and development department responsible for inventing software programs. At the present time, the Company has programs that

can be used commercially, that is, MobileNet, RT-WMS, and SFA. Other newcomers in the business do not have original softwares of their own and no personnel with practical experience in this business. Human resources, time, and budgets must be built up before they can compete in the market. Research and development team of the Company is also responsible for improvement of original softwares, in order to make them more responsive to the need of customers, and development of new programs which are in demand in the market. Moreover, the Company has continuously developed its staff through a technological exchange training with Grand-Flo, Symbol, and other organizations – domestic and international. In addition, it has established in-house training to improve knowledge of employees thereby further enhancing product development in order to meet the trend of the market's need at the regional level.

- (4) Strategic Partner. Grand-Flo, a joint investor and strategic partner of the Company, is a leader in the development of Enterprise Data Collection and Collation Technologies in Malaysia. Hence, the Company benefits from the exchange of technologies. Furthermore, Grand-Flo also has expertise in products and technologies for manufacturers which are target customers of the Company in the future.
- (5) Strong trading alliance. The Company has always succeeded in providing EDCCS system installation and maintenance to its customers. Principal customers of the Company, such as Tesco Lotus, Sermasuk Public Company Limited, C.P. Seven Eleven Public Limited Company, Nestlé (Thailand) Company Limited, etc., are all well-established and well-known companies which enhance new customers' trust and confidence in quality of products and services of the Company.

## IT Market in Malaysia

IT Market in Malaysia is expected to grow in year 2010 and the market value will be USD 4.5 billion which will increase from year 2009 (USD 4.2 billion) due to the recovery from economic and political problem. The factors to the growth of market are the increase in sales of low-cost personal computer, the increase in personal income and the economic development plan that focus in IT supporting. The major market segments are government sector, telecom business and financial institution such as Islamic bank.

IT market in Malaysia consists of hardware, software and services segment. In 2009, the economic recession still impact the industry spending so the government declared two special budgets to arouse the domestic economy accounts for USD 67 million together with the annual budget for year 2010 amounting to USD 200 billion and the spending period is within 2 years. It is expected that the overall economy and the industrial segment will recover from prior year as the government invested around 10-15% of the total IT market value. However, although government has fully aroused the market, the IT market in the first of the year 2009 was still materially impacted by the world economy so it is expected that the overall market value would be USD 4.2 billion. Anyway, the IT market in Malaysia will grow in the long run by the following factors.

- Hardware market: Malaysian government supports the broadband penetration rate from 26% at present to 50% in year 2010 which will doubly increase the PC penetration rate in 2010 from 35% at present.
- Software market: In the long run, it is expected that e-business application such as Enterprise Resource Management especially accounting & finance system will play a major role to increase the organization's efficiency.
- IT Services market: The market value in the long run will grow from the government's supporting policy in broadband penetration rate and the policy to support Malaysia as the IT service center of the region.

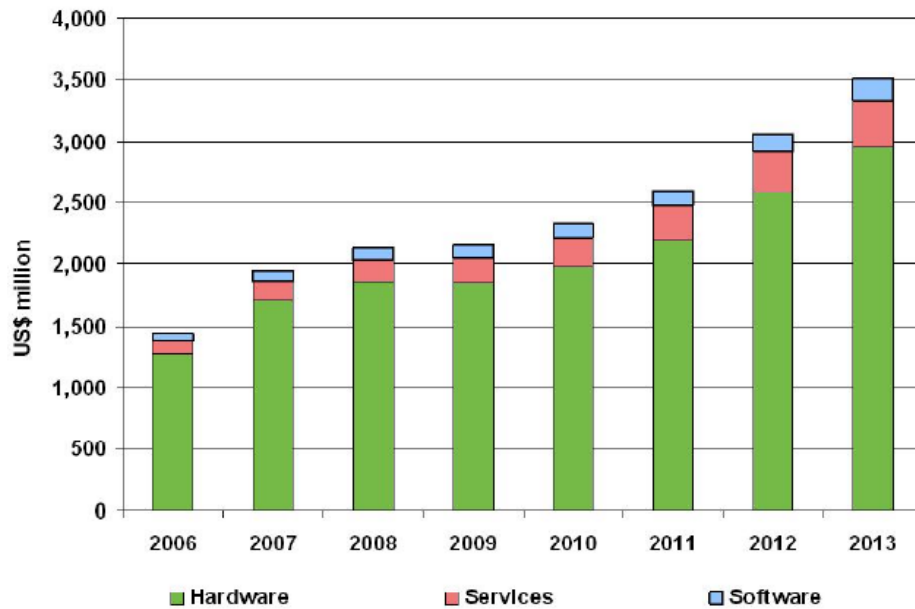
From the factors mentioned above, it is expected that the IT market during 2008 – 2013 will grow potentially and the economy should be improve at the end of 2009 and IT market in 2010 should account for USD 4.5 billion by increasing 5% from year 2009. The average growth rate of the market during 2008 – 2013 will be 9%.

(Source: Business Monitor International)

E-Tech IT Sdn., Bhd. (subsidiary) in Malaysia believe in the philosophy “To fulfill the client’s need with the customization services for both separate unit and the total system by the expert team”. Moreover, the Company can fulfill the client with limited capital by services providing reliable finance institutions and the logistic and warehouse management. These services are the key strategy to make the sustainable growth.

#### IT Market in Vietnam

IT market in Vietnam during 2009 – 2013 is expected to grow continuously about 10.5% due to the increase in foreign investment and the development in public utility system are the key factor of the market growth.



The IT market in Vietnam consists of hardware, software and services. It is found that the hardware segment is still the biggest segment about 85% of the total market value.

## Risk Factors

### Risk from relying on major customer

- The Company services a major customer, Ek-Chai Distribution System Company Limited (“Tesco Lotus”), an operator of large-scale retail store Tesco Lotus. The Company has revenue from selling to this customer at high portion. Therefore, if this customer cancels products and services purchased from the Company, this may cause the total revenue of the Company to reduce significantly.
- Ek-Chai Distribution System Company Limited has purchased and concluded maintenance service with the Company since 2005 and has continuously ordered products from the Company. The Company has servicing points spreading over all regions which can provide services to all branches of Tesco Lotus. This Results in customer satisfaction with the speed of services provided and good relationship with the Company consistently. Because of large-scale retail stores like Tesco Lotus has a complex management system, it is rarely possible that there will be other competitor comes and supplants the Company since it will take time to study and improve servicing system to be compatible with customer’s system. This makes the Company believes that this customer will continuously purchase products and services from the Company for a long time. However, the Company has planned to expand their customer base to manufacturing businesses in order to reduce relying on an individual customer. The Company estimated that revenue proportion of Tesco Lotus will reduce.

### Risk from enforcement of the Retail-Wholesale Act

- Currently, the Judicial Council is working on improving a draft of the Retail-Wholesale Act which will result in regulation of all kinds of retail-wholesale business. (Essential details of a draft of the Retail-Wholesale Act are in the second part regarding industry situation.) As soon as the Act comes into force, it will directly affect branch expansion of retail business operators who are principal customers of the Company. Branch expansion will be regulated by consideration of the retail-wholesale business committee who will evaluate factors such as appropriateness with respect to the population effects on community and environment, etc. This may cause slowdown in the branch expansion rate of the operators. At the present time, some proportions of the Company’s revenue come from branch expansion of customers in retail business. Therefore, the entry into force of the Act may affect revenue growth of the Company which comes from customers’ branch expansion.
- Nevertheless, the Company is well aware of the effect from an enforcement of the Act. Therefore, the Company has been preparing for market expansion to manufacturing industry and also expanding new customer base. Moreover, the Company’s income from retail businesses does not come from branch expansion of customers only, but include purchasing of new products for replacement of defective or obsolete products whereby customers normally purchase new products for replacement every 5-8 years. Therefore, when the Act becomes effective, the management believes that growth rate of the

Company may slow down slightly but not significantly since it will be compensated by incomes from new customers.

**Risk from relying on a major supplier**

- The Company ordered merchandise, particularly, mobile computers, from a major manufacturer, Symbol Technologies Inc. ("Symbol") equal to approximately 50 percent of total purchasing amount. This creates risk from relying on a major supplier. In any event, there are many mobile or hand-held computer product manufacturers in the world market that can produce products with quality equal to Symbol's products. The Company however, chose to purchase Symbol's products by taking into account products' quality, durability, appearance of products, and usage specification that matched its customers' needs. Besides, Symbol is a major manufacturer of mobile or hand-held computer in the United States which distributed under "Symbol" trademark and has a worldwide customer base. Currently, Symbol is an affiliated company and one of the three principal businesses of Motorola Inc. Accordingly, the Company anticipates that Symbol will continue with the manufacturing of their products. The Company was appointed by Symbol as a distributor and was accredited as a sole premier business partner in Thailand which allows the Company to have purchasing discount and also assistance in the aspect of technology trainings necessary and related to the products. The Company has good relationship and has concluded a products purchasing agreement with Symbol and began to continuously purchase since 2005. Therefore, the Company believes that Symbol will continue to be a product provider to the Company in the future. Finally, the Company is currently in the process of negotiating with Intermec Inc., another major mobile-computer manufacturer, to become a distributor. This will make the Company's products more diverse and reduce risks from relying on a single distributor.

**Risk relating to having a related company, who is also a major shareholder of the Company, operating in the same business**

- The Company and a major shareholder, Grand-Flo Solution Berhad ("Grand-Flo"), located in Malaysia, could be regarded as competing in the same business since both companies are involved in mobile computers providing and development of application programs for integrated solution for mobile computers for organization data storage system. Moreover, three directors from Grand-Flo hold director positions of the Company.
- The Company and Grand-Flo have clearly determined scope of their business operations. Both parties have entered into a business cooperation agreement (details are in the second part, in the topic of Related Parties Transactions) which provided that the Company will have principal businesses in Thailand while Grand-Flo will operate businesses in Malaysia, Singapore, and Indonesia. Both parties agreed not to operate their business in other party's territory. For business expansion in foreign



countries other than aforesaid territories, the party seeking to expand the investment seeker will offer the other party equal percentage of capital and management participation. The offerree is entitled to accept or deny the investment or reduce the percentage of joint investment.

- In any case, the management believes that relationship between the Company and Grand-Flo will be based on mutual support. Currently, the Company and Grand-Flo have engaged in technologies exchange, customer referral, and joint products purchasing for lower price which promote efficiency of business operations of both companies.

#### **Risk from competition**

- Currently, the business of providing integrated solution for information technology for data storage and management by using mobile computer is highly competitive since competitors can easily enter into the business especially in hand-held computers trading. This may be an obstacle to business expansion of the Company.
- Nevertheless, even though the entry into the hand-held computers trading business is easy, a newcomer which has small customer base may be disadvantaged by raw material purchasing price which make it difficult to compete in the market. In addition, a company that has integrated solution services, specifically software developing and maintenance, will have more advantages in maintaining and expanding customer base. At the present time, there are only two competitors which have integrated solution services similar to the Company. The Company however has advantages in its ability to generate profit, service coverage throughout the country, relationships with distributors, etc. This assures that the Company will have good potentials to compete continuously in this industry in the future.

#### **Risk from infringement of software programs developed by the Company**

- Distribution of products other than equipments is the software that the Company developed to sell together with various hardwares so the copyright of the software may be violated.
- Such programs were developed from the need of particular customers; therefore copyright infringement for commercial purpose is unlikely to occur. Only the authorized employees can access to the Source Code of the software.

**Currency exchange risk**

- The Company purchased goods from foreign countries at high volumes. The Company does not enter into a Currency Forward Contract for all purchasing of goods, but will do so only when the currency exchange is unstable. Nonetheless, impact from currency fluctuation did not have significant effect to the overall turnover of the Company in the past.

**Risk from granting credit to customers**

- The Company has a large number of customers. To grant them the credit term, the Company will consider their fame, financial status, payment history and the business status by setting the payment term ranging between 30-90 days which are the general practice among companies of the similar business. The delay of payment or bad debt may be likely to occur therefore the Company set up the allowance for doubtful account policy and procedure by considering the ability to pay of each individual debtor. The Company will review the allowance of doubtful account on quarterly basis and will record the provision according to the fact.

**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

- (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.

- Risk associate with the capital structure

From a subsidiary's the specific nature of service where most of its working capital depends upon bank financial support, as a result, its main source of fund comes from liabilities and this results in the very high debt to equity ratio. Despite the recent interest coverage ratio is still positive, in the event that future performances decline, the debt coverage may be negatively affected.

## Good Corporate Governance Practice

### Good Corporate Governance Practice

The Board of Directors strongly believes that good corporate governance is one of the important factors that help ensure the success of the Company and enable the Company to grow constantly and sustainably. The policy on Corporate Governance is therefore adopted so that Company's director, management and employees can use it as the guidelines. In 2009, the Company implemented the followings:

#### 1. Corporate Governance Policy.

The Corporate Governance policy of the Company has been adopted in accordance with the Good Corporate Governance outlined by the Stock Exchange of Thailand in 2006. This Corporate Governance Policy comprised of (see details at the Appendix)

- General policy
- Rights of Shareholders
- Equitable Treatment of Shareholders
- Roles and Rights of Stakeholders
- Disclosure and transparency
- Internal Control and Risk management
- Responsibilities of the Board

#### 2. Rights of Shareholders and Equitable Treatment 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.

**The evaluation result of corporate governance for listed companies of Simat Technologies PCL. for the year 2009**

By Thai Institute of Director (IOD)

Evaluation topic	Score	
	Simat Technologies	Overall Listed Companies
Shareholder's right	90%	91%
Equally treatment to shareholders	85%	83%
Stakeholder's right	93%	79%
Disclosure and transparency	92%	90%
Board of director's responsibility	68%	68%
Average score	85%	82%

In 2009, the Company was evaluated the corporate governance by IOD and the evaluation result was 85% which is higher than the average score of total listed companies.

In 2009, the Company implemented the followings:

- Organized the 2009 annual shareholders' meeting at the Company's meeting room no. 61/2, Ladkrabang industrial estate, moo 4, Chalongkrung road, Lamplatew, Ladkrabang, Bangkok. The Company arranged the vans to make shareholders convenient for travelling.
- Sent a letter to the stock Exchange of Thailand on November 26, 2008 as well as posted the information on the Company's website, informed the shareholders that the Company has provided opportunity to shareholders to add agendas for the meeting in advance before the meeting takes place and to propose the nominate suitable persons to be elected as the Company's directors in accordance with the Company procedure. Shareholder can propose to add agendas or nominated director to the Company by sending a letter to the Investor Relation Coordinator within February 15, 2009. The Company also informed the shareholders that there is no any shareholder proposed the Company any additional agenda or nominated director within such period.
- 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.
- Chairman, Chairman of the Audit Committee, Chief Executive Officer and other directors together 9 persons from the total of 9 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 2 shareholders to act as the witnesses in counting the votes with the inspector.
- The Company also recorded this meeting in the form of VCD and shareholder can request the VCD by contacting Mr. Thammanoon Korkiatwanich, Investor relation coordinator.
- 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 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.

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](http://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 Tel 02-326-0999 ext. 1211 or E-mail [thammanoon@simat.co.th](mailto:thammanoon@simat.co.th).

### 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

- Introduction
- Policy and Guidelines on Conflict of Interests
- Policy and Guidelines Relative to Shareholders
- Policy and Guidelines Relative to Employees
- Policy and Guidelines Relative to Customers
- Policy and Guidelines Relative to Partners
- Policy and Guidelines Relative to Creditors
- Policy and Guidelines Relative to Competitors
- Policy and Guidelines Relative to Independent Auditors
- Policy and Guidelines Relative to Social and Environment
- Implementation and Enforcement

(See details of Codes of Conduct at the Appendix)

In 2009, 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 Appendix)

### 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 2009, the Company had implemented the followings for the employees:

- 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.
- 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.
- The Company had organized the Orientation Course to all new employees so that they know the policy, corporate culture and operating practices.

- The Company arranged the Walk Rally activities at Kanjanaburi province during March 2009 and all employees participated in this activities to harmonize people in the organization.

### 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 2009 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 equipments to schools and temples, etc. In 2009, the Company's activities related to society are as follows:

- On October 3, 2009, the Company donated computers 15 units to Ban-chee school, A. Ban-mee, Lopburi for education purpose.
- On October 3, 2009, the Company donated computers 10 units to Wat Thammigaram, Takkasila development center, T. Bangkham, A. Ban-mee, Lopburi.
- On October 3, 2009, the Company donated cash Baht 40,000 for "Tesco for Thai" foundation.
- On October 15, 2009, the Company donated computers 20 units for "Tesco for Thai" foundation to distribute computers to the poor school in the rural area.

### 4. Disclosure and Transparency.

The Company has a policy to pay attention to the disclosure and transparency with regard to the corporate governance. In 2009, 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:

- 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.
- 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, the connected transactions and the implementation of the Corporate Governance policy. Etc. in the annual report and in the Form 56-1
- Had disclosed the financial information and other information correctly and accurately in the Company's website [www.simat.co.th](http://www.simat.co.th)
- 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

Fax: 02-326-1014

E-mail: [thammanoon@simat.co.th](mailto:thammanoon@simat.co.th)

- 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 Grant Thornton Limited. As the Company's auditor for the year 2009 (who were the Company's existing auditor) as recommended by the Audit committee as follows:

Mrs. Sumalee Chokdeeanant, License No. 3322 or

Mr. Somkid Tiatrakul , License No. 2785

The audit fee for year 2009 is 1,100,000 Baht which is the rate close to the fee paid by other companies with similar size and similar nature of business,

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

- The Company has adopted the safeguard and investigation system for the use of internal information for inappropriate personal gain. All directors management and the employees involved in the internal information are prohibited to disclose such information are prohibited to disclose such information to outside people or people whose job are not involved with the information. Also, all directors, management and employees involved in 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.

##### 5. Internal Control and Risk Management

The Company has paid attention to the internal control and risk management system, and has adopted the Operating Manual so that employees can use it as guideline. In addition, The Company has set up the Internal Audit Department, reported directly to the Audit Committee and the Chief Executive Officer as a mechanism to reinforce the internal control system and the internal audit system as well as to follow up and ensure that there is improvement and correction of the flaws found from the audit to improve the efficiency and reduced risk from the operation, In 2009, the Company has implemented the followings:

- Had reviewed the Charter of Internal Auditor and updated them accordingly.
- Had reviewed the Operating Manual and updated them accordingly.
- Had updated and improved the Accounting and Inventory software program so that the internal control can be made more effectively.
- It is the Company's policy that the connected transactions or the transactions that may cause conflict of interests must be appropriately considered by the people who have no interest in the transactions and must be reviewed by the Audit Committee.
- The Company has policy on risk management for various matters which have been stipulated in the Operating Manual such as the accounts receivable management, inventory management, currency exposure management etc. which were explained in the Company's annual report and form 56-1

regarding to the risk exposure and risk management. In 2009, the Company has also made appropriate insurance on the Company's inventories and other major property, the Company has also implemented the group accident insurance and group life assurance for the employees.

## 6. 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 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 2009, the Board of Directors has performed its duties as follows.

### 6.1 Leadership and Vision

The Board of Directors has participated in the adoption of the Company's vision, strategic direction and annual operating budget including to oversee and control the management to operate the Company in accordance with the policy and business plan to increase wealth of the Company and grow the business constantly and sustainably. In addition the Board of Directors has established the Audit Committee to oversee the financial reports, interest, internal control system, risk management system, the selection of independent auditor and to oversee that the Company has operated business in compliance with relevant laws and regulations.

### 6.2 Board Structure and Qualification

- Currently, the Board of Directors is composed of 9 persons: 1 director who is Executive committee, 4 Independent directors and 4 directors who are not Executive committee.
- The Board has 4 independent directors and 3 of them are also Audit Committee members.
- The chairman and the Chief Executive Officer is not the same person.
- The Company Secretary also acts as the Secretary of the Board.
- 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 Appendix)

### 6.3 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 2009, the Board of Directors had 9 meetings and each meeting took approximately 3 hours and the attendance of the Board of Directors is as follows:

Name	Total Attendance	Times
1. Mr. Tan Bak Hong (Chairman)	9	6
2. Mr. Thongkam Manasilapapan (Director/Chairman of Executive committee)	9	9
3. Mr. Ronaphoom Suviriyakulchai (resigned on 12 Nov 09) (Director/Executive committee)	7	7
4. Mr. Tan Bak Leng (Director)	9	6
5. Mr. Tan Chuan Hock (Director)	9	6
6. Mr. Nguyen Quyet Thang (Director)	6	3
7. Mr. Worachi Charoenprasittiporn (Independent Director)	9	9
8. Dr. Ranchana Rajatanavin (Independent Director / Chairman of Audit Committee)	9	9
9. Mr. Narongrit Rerkpattanapipat (Independent Director / Audit Committee Member)	9	9
10. Ms. Kanwara Aurlpokaiyakul (Independent Director / Audit Committee Member)	9	8
11. Mr. Peragun Kaewwongwattana (resigned on 22 Dec 09)	2	1

The authorized directors who can 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](http://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.
- The Company had paid out the remuneration to directors in 2009 in the form of gratuity and meeting Allowance as follows.

Chairman of the Board (1 person)	240,000 Baht
Director who is management of the Company (1 person)	0 Baht
Director who is management of associate company (1 person)	0 Baht
Foreign Directors who are not Executive committee (2 persons)	240,000 Baht
Independent Director who is not audit committee (1 person)	68,000 Baht
Chairman of audit committee (1 person)	79,000 Baht
Audit committee member (2 persons)	129,000 Baht

Total money paid to the Board for year 2009 is 756,000 baht (Year 2008: 804,000 baht).

In year 2009, the Company paid out remunerations to management 6 persons total 7,660,000 baht. (Year 2008: 8,778,000 baht)

#### 6.4 Board Self Assessment and Development of Board and Management.

- The Board of Directors has policy to encourage directors and management to constantly develop knowledge and skill. In 2009, 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 attended the training program on Corporate Secretary Development Program organized by Thai Listed Company Association, 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.

#### 6.5 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.

#### Executive committees

The Executive committee comprised of

Mr. Thongkam Manasilapapan	Chairman of Executive Committee
Mr. Stuart Scott	Executive Sales and Marketing Director
Mr. Thammanoon Korkiatwanich	Executive Accounting and Finance Director

Ms. Narisara Prasertsunk

Executive Operation Director

Mr. Kokiak Kitkaona

Technical Sale Support Director

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.

In case that any Executive Director or its related parties have any interest in any transaction or matter directly affect the Company, the Executive Director must not participate in the decision making process on such issues.

#### 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 2009, the Audit Committee had 6 meetings and each meeting took approximately 3-4 hours. The attendance of the Audit Committee's as follows:

Name - Surname	The statistic of the attendance of meeting					
	1/2009 Feb 24'09	2/2009 Mar 25'09	3/2009 May 15'09	4/2009 Aug 11'09	5/2009 Oct 14'09	6/2009 Nov 13'09
Dr. Ranchana Rajatanavin	✓	✓	✓	✓	✓	✓
Mr. Naronrit Rerkpattanapipat	✓	✓	✓	✓	✓	✓
Ms. Kanwara Aurlpokaiyakul	-	✓	✓	✓	✓	✓

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.

## 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 Grant Thornton Limited. 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, 2009 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 Aurlpokayakul	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 2009, 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 proposing the change of auditor and audit firm since the existing audit firm, Grant Thornton Limited, has audited on the Company's financial statements for year 2004 – 2009 totally 6 years consecutively. In order to comply with the Good Governance Principles and the regulations of Securities and Exchange Commission regarding to the change of auditor, the Committee considered the independence and appropriateness of auditor and their remuneration and has the resolution to propose to change the auditor and audit firm to Mr. Atipong Atipongsakul, CPA license no. 3500 or Mr. Sathien Vongsanan, CPA license no. 3495 or Mr. Vichai Ruchitanont, CPA license no. 4054 from ANS Audit Co., Ltd. as the auditor of the Company and subsidiaries for the year 2010 and to propose this appointment for approval to the Board of Director and the Annual General Shareholders' Meeting for year 2010.

**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 2009 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 2009, there are 6 meetings and the meeting of Audit Committee no. 6/2009 is the meeting with auditor, which has no management's joining. The statistic of the attendance of meeting for each member is as follow:

Name - Surname	The statistic of the attendance of meeting					
	1/2009 Feb 24'09	2/2009 Mar 25'09	3/2009 May 15'09	4/2009 Aug 11'09	5/2009 Oct 14'09	6/2009 Nov 13'09
Dr. Ranchana Rajatanavin	✓	✓	✓	✓	✓	✓
Mr. Naronrit Rerkpattanapipat	✓	✓	✓	✓	✓	✓
Ms. Kanwara Aурpokaiyakul	-	✓	✓	✓	✓	✓

### 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 2009 and 2008

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2009	2008	31 Dec 2009	31 Dec 2008	
Grand-Flo Electronic System Sdn. Bhd.	A subsidiary of Grand-Flo Solution Berhad (100% holding)	Sales of Hardware (A/R-trade)	355,806	1,731,083	89,696	72,026	Goods sold to Grand-flo were the products of the former licensed supplier. At present, the Company is no longer the authorized distributor of such supplier then the Company cannot do the marketing of these products. Therefore, the Company sold these products at market price according to their physical condition (Sometimes, it might necessarily sell at cost). Audit committees' comment is that the sale of these products is necessary to reduce the slow-moving stocks.
		Purchase of hardware (A/P-trade)	377,964	100,736	828,384	81,870	In order to provide service for the customer who still use the products that the Company is no longer the authorized distributor of such supplier, therefore it is necessary for the Company to purchase through Grand-flo as Grand-flo is still the authorized distributor of this supplier. Audit committees' comment is that the purchase of these products is necessary as the Company cannot directly purchase from the licensed supplier.
		Other expenses (A/P-others)	306,296	373,276	188,432	26,417	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.
Grand-flo Spritvest Sdn. Bhd.	A subsidiary of Grand-Flo Solution Berhad (100% holding)	Purchase of Hardware (A/P-Trade)	540,540	654,721	29,145	662,307	It was the purchase at market price of new product in order to make the new market. Audit committees' comment is that these purchases deemed reasonable.

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2009	2008	31 Dec 2009	31 Dec 2008	
Sino Trading and Services Corporation	An associate of the Company (40% holding)	Purchase of Hardware (A/P-Trade)	639,445	8,727	-	8,981	It was the purchase at market price of new product in order to make the new market. Audit committees' comment is that these purchases deemed reasonable.
Label Network Sdn, Bhd.	A subsidiary of Grand-Flo Solution Berhad (55% holding)	Other expenses (A/P-others)	143,203	342,439	586,763	523,514	Other expenses charged at cost by Label Network were the travelling and accommodation expenses of the Malaysian technician from Label Network came to Simat Label for training about the production and technologies in order to improve the efficiency of the production process. The expense items include air freight and hotel expenses. Audit committees' comment is that these expenses deemed reasonable.
S. Siri Transport Co., Ltd.	Mr. Thongkam and Ms. Chutikarn Manasilapapan are the directors.	Office rental	-	80,000	-	-	During 2007 – April 2008, Simat Soft (a subsidiary) rented office for 2 units at third and forth floor of S. Siri's office at the rate of Baht 20,000 per month (Baht 78 per square meter) which is lower than the fair price (Baht 99 per square meter). Audit committees' comment is that these expenses deemed reasonable as the rental rate is below the market rate. However, since May 2008, Simat Soft has moved to the new office at Ladkrabang Industrial Estate then there is no this expense anymore,
Kopacklabels Press Sdn., Bhd.	A subsidiary of Label Network (100% holding)	Purchase of supplies	311,474	-	88,150	-	Simat Label (subsidiary) purchased supplies and samples for label production which buy at market price. Audit committees' comment is that these expenses deemed reasonable.

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2009	2008	31 Dec 2009	31 Dec 2008	
Grand-Flo Solution Berhad	A major shareholder of the Company (36.75% holding)	Software development cost sharing (Intangible asset)	1,523,229	-	435,691	-	<p>The Company and Grand-fl made a software cost sharing agreement by pooling programmers of both companies to joint development of Warehouse Management System software. The total cost incurred from both parties will be responsible by each party 50%. Audit committees' comment is that these costs deemed reasonable since it help reducing the software cost and enhance the efficiency of software.</p> <p>Other expenses charged at cost by Grand-flo were the accommodation expenses such as hotel and air fare that the Director from Grand-flo come to attend the Board meeting. Audit committees' comment is that these expenses deemed reasonable.</p> <p>Nature and details of the connected transaction</p> <ul style="list-style-type: none"> <li>▪ Type and size of connected transaction: The transaction is a provision of loan which is considered to be the financial support to any juristic person that the Company holds shares more than any other connected person and the size of the transaction is 6 million baht which is exceed 3% of net tangible assets but not exceed 20 million baht therefore it is considered as a medium-size transaction and must be approved by the board of directors.</li> <li>▪ Nature of financial support: A provision of loan to Simat Label in which engages in business of printing and barcode label and sticker. Simat Label has just started its operation and the number of customer is increasing. Simat Label has ability to repay loan within 2 years.</li> <li>▪ Value of return: Interest rate at MLR per annum and quarterly interest payment</li> </ul>
		Other expenses (A/P-others)	329,568	-	74,614	87,706	
		Financial support	-	6,000,000	-	6,000,000	

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2009	2008	31 Dec 2009	31 Dec 2008	
							<ul style="list-style-type: none"> <li>■ Connected person:                             <ul style="list-style-type: none"> <li>○ Mr. Thongkam Manasilapapan and Mr. Ronaphoom Suviriyakulchai are the directors of both Simat Technologies and Simat Label.</li> <li>○ Mr. Tan Bak Hong and Mr. Tan Bak Leng are the directors of Simat Technologies and the directors of Labels Network.</li> <li>○ Grand-Flo Solution Bhd., a major shareholder of Simat Technologies, also held 55% of total shares of Labels Network.</li> </ul> </li> <li>■ The Company lend money to Simat Label wholly by not allocating the loan according to the percentage of share holding because the Company received the confirm letter from Labels Network to confirm that the provision of loan to Simat Label by Labels Network is prohibited by law. According to the Malaysia Companies Acts section 133A and 122A, the prohibition would apply to the making of a loan by the Company to any person connected with a director of the Company. Mr. Wan Kok Weng whom is a director of Labels Network, is also a director of Simat Label therefore the provision of loan to Simat Label by Labels Network is prohibited by such law mentioned above.</li> </ul> <p>The reasonableness of transaction</p> <ul style="list-style-type: none"> <li>■ Objective: To enhance the liquidity of the subsidiary due to the subsidiary has just started to operate the business and the number of customer is increasing in which</li> </ul>

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2009	2008	31 Dec 2009	31 Dec 2008	
							<p>the subsidiary need a lot of working capital to operate during the beginning phase and the Company expects that revenue of the subsidiary will increase by next year.</p> <ul style="list-style-type: none"> <li>To enter in this connected transaction will help the subsidiary has a sufficient working capital to operate the business in order to response the customer demand and revenue is expected to increase by next year.</li> </ul> <p>The appropriateness of return and the condition of transaction</p> <ul style="list-style-type: none"> <li>The interest rate is referred to the market rate.</li> </ul> <p>The board of directors and board of audit committees considered the benefit and the necessity of the transactions and resolved to approve such connected transaction due to the trend of increase in revenue and the number of customers.</p>
High Rich Trading and Services Corporation	An associate of the Company (40% indirectly holding through a subsidiary)	Loan to associate company	1,910,458	-	1,910,458	-	<p>In Nov' 09, the Company lend to High Rich Trading &amp; Services Corporation (associate) USD 57,000 or Baht 2 million at interest rate of 6% per annum. The repayment period is within 2 years and Quarterly interest payment.</p> <p>Due to High Rich Trading &amp; Services Corporation, which is held 40% by Simat Label (subsidiary), would like to expand its production capacity by purchasing a new machine costing USD 188,400 from Malaysia in order to support the increase in customer's order. The source of machine funding came from loan from the Company USD 57,000 or 30% and loan from the major shareholders (Mr. Nguyen Quyet Thang and Mrs. Nguyen Thi Thang) USD 131,400 or 70% of machine value. The term and condition of loan from the Company would be the same as loan from major shareholder.</p> <p>This transaction is considered as connected transaction as Financial Support due to High</p>



Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2009	2008	31 Dec 2009	31 Dec 2008	
		Interest income	9,970	-	9,970	-	<p>Rich is held 60% by a Director of the Company who is Mr. Nguyen Quyet Thang and Mrs. Nguyen Thi Thang is his wife. However, audit committees' comment is that these expenses deemed reasonable because it can prove that this transaction is fair and no conflict of interest as the Company lend money only 30% which is lower than the percentage of shareholding (40%). In addition, the term and interest rate are the same condition as High Rich borrowed from the major shareholders and the interest rate is close to the current MOR rate which is the rate that the Company is given by the financial institution. Therefore, this transaction is fair and no conflict of interest.</p> <p>Interest income incurred from loan to High Rich at interest rate 6% per annum.</p>

## Financial Analysis and Explanation

## Balance Sheet

Consolidated F/S Unit: Million Baht	2009 Exclude subsidiary in Malaysia	2009 subsidiary in Malaysia	2009 Include subsidiary in Malaysia	2008	Change	
					Include subsidiary in Malaysia	Exclude subsidiary in Malaysia
Cash and cash equivalents	13	10	23	65	(42)	(52)
Trade accounts receivable - net	45	490	535	32	503	13
Inventories - net	30	181	211	37	174	(7)
Accrued income	7	-	7	-	7	7
Restricted deposits with banks	11	60	71	20	51	(9)
Investment in subsidiary in Malaysia	68	(68)	-	-	-	68
Goodwill	-	45	45	-	45	-
Investment in associates	29	-	29	25	4	4
Equipment and Software	38	2	40	40	-	(2)
Other assets	6	26	32	3	29	3
<b>Total assets</b>	<b>247</b>	<b>746</b>	<b>993</b>	<b>222</b>	<b>771</b>	<b>25</b>
Bank overdraft and short-term loan from financial institution	4	380	384	-	384	4
Trade accounts payable	28	290	318	33	285	(5)
Unearned revenue	8	-	8	7	1	1
Payable for purchase of investments	29	-	29	9	20	20
Amounts due to related parties	-	25	25	-	25	-
Liabilities under hire purchase and financial lease	9	1	10	7	3	2
Accrued expenses	6	7	13	5	8	1
Accrued income tax	-	6	6	-	6	-
Other liabilities	1	3	4	1	3	-
<b>Total liabilities</b>	<b>85</b>	<b>712</b>	<b>797</b>	<b>62</b>	<b>735</b>	<b>23</b>
Total shareholders' equity	159	11	170	157	13	2
Minority interest	3	23	26	3	23	-
<b>Total liabilities &amp; shareholders' equity</b>	<b>247</b>	<b>746</b>	<b>993</b>	<b>222</b>	<b>771</b>	<b>25</b>

**Assets**

As end of year 2009, total assets were Baht 993 million which increased from prior year significantly about Baht 771 million due to the Company acquired E-Tech IT Sdn., Bhd. (subsidiary) in Malaysia in December 2009 and the total assets of this subsidiary as at 31 December 2009 were Baht 746 million were included in the Consolidated financial statements. However, the total assets which exclude the assets of subsidiary in Malaysia still increased from last year about Baht 25 million because of the followings:

1. Cash and cash equivalent s decreased about Baht 52 million due to the Company purchased 60% of total shares of subsidiary in Malaysia and already paid the first payment of Baht 46 million.
2. Investment in subsidiary increased Baht 68 million from the acquisition of subsidiary in Malaysia which include goodwill of Baht 45 million.
3. Accrued income of baht 7 million incurred from the delivery of goods to one customer but not billed yet.
4. Trade accounts receivable increased Baht 13 million and Inventories decreased Baht 7 million due to the high increase in sales during the last 2 months of the year.
5. Restricted deposit with bank decreased of baht 9 million because the Company wanted to reduce the credit facilities with bank.

**Liabilities**

At the end of year 2009, the total liabilities were Baht 797 million which increased from last year significantly about Baht 735 million due to the acquisition of subsidiary in Malaysia and the total liabilities of this subsidiary as at 31 December 2009 amounting to Baht 712 million included in the consolidated financial statements. However, the total liabilities which exclude the liabilities of subsidiary in Malaysia still increased from last year about Baht 23 million because of the increase in payable from purchase of investment of subsidiary in Malaysia.

**Shareholders' equity**

At the end of year 2009, the total shareholders' equity were Baht 170 million and the minority interests were Baht 26 million which increased from last year significantly due to the share acquisition of subsidiary in Malaysia.

## Income statements

Consolidated net profit

2009 (Thousand Baht)	Thailand	Associate	Subsidiary	Net Profit
Country	Thailand	Vietnam	Malaysia	
Period	Whole year	Whole year	Dec' 2009	
Revenue	226,148	68,087	317,037	
Net profit	6,431	9,661	19,381	
Shareholding (%)		40%	60%	
Net profit of the Company	6,431	3,864	11,673*	21,968

\* The Company invested in subsidiary in Malaysia in December 2009

2008 (Thousand Baht)	Thailand	Associate	Net Profit
Country	Thailand	Vietnam	
Period	Whole year	Whole year	
Revenue	240,741	63,279	
Net profit	16,260	4,476	
Shareholding (%)		40%	
Net profit of the Company	16,260	332**	16,592

\*\* The Company invested in associate in Vietnam in the mid of November 2008

The Consolidated net profit for the year 2009 was Baht 22 million which increased from year 2008 about Baht 5 million due to:

1. Net profit from Thailand operation decreased about Baht 10 million because hardware and software revenue decreased from the delay of investment of many customers during the first 9 months of the year 2009 from the impact of economic recession.
2. The share of profit from associates in Vietnam increased about Baht 3.6 million due to the share of profit of year 2008 incurred during the end of year while the Company could include the share of profit of year 2009 for the whole year.
3. Net profit from subsidiary in Malaysia for December 2009 amounting to Baht 12 million came from the acquisition of this subsidiary in December 2009.

Revenue and Net Profit Separated by Country

## Thailand

2009 Thousand Baht	Hardware & Software	Maintenance services	Rental of equipment	Label business	Total
Revenue	158,307	45,626	3,659	18,556	226,148
Cost of sales and services	(115,952)	(20,132)	(1,665)	(19,372)	(157,121)
Gross profit	42,355	25,494	1,994	(816)	69,027
Other income					1,376
Selling & Admin expenses					(62,896)
Financial expenses					(653)
Income tax					(1,967)
Minority interest					1,544
Net profit of the Company					6,431

2008 Thousand Baht	Hardware & Software	Maintenance services	Rental of equipment	Label business	Total
Revenue	189,649	44,744	4,136	1,879*	240,408
Cost of sales and services	(132,321)	(19,438)	(1,799)	(3,991)	(157,549)
Gross profit	57,328	25,306	2,337	(2,112)	82,859
Other income					2,411
Selling & Admin expenses					(67,257)
Financial expenses					(555)
Income tax					(3,301)
Minority interest					2,103
Net profit of the Company					16,260

\* The Company established a subsidiary to operate in label business in May 2008.

Net profit from the operation in Thailand decreased about Baht 10 million due to:

1. Revenue from sales of hardware and software decreased from Baht 190 million (year 2008) to Baht 158 million (year 2009) due to the delay of investment from many customers during the first 9 months of the year 2009 from the impact of economic recession.
2. In year 2009, the label business that started in May 2008 still generated the net loss of Baht 5.6 million.

## Vietnam

Year	2009			2008			Change
	Hardware	Label business	Total	Hardware	Label business	Total	
Thousand Baht							
Revenue	56,780	11,307	68,087	53,333	9,946	63,279	4,808
Cost of sales and services	(38,143)	(7,826)	(45,969)	(36,105)	(7,555)	(43,660)	(2,308)
Gross profit	18,637	3,481	22,118	17,228	2,391	19,618	2,500
Other income	4,253	90	4,343	778	8	786	3,557
Selling & Admin expenses	(12,184)	(1,995)	(14,179)	(11,525)	(1,821)	(13,346)	(833)
Financial expenses	(223)	(154)	(376)	(532)	(124)	(656)	280
Income tax	(1,935)	(236)	(2,171)	(1,768)	(108)	(1,876)	(295)
Net profit	8,549	1,186	9,735	4,181	346	4,526	5,209
Shareholding (%)			40%			40%	
Net profit of the Company			3,894			332*	

\* The Company invested in associate in Vietnam during the mid of November 2008.

The share of profit from associates in Vietnam increased about Baht 3.6 million due to the share of profit of year 2008 incurred during the end of year were only Baht 0.3 million while the Company could include the share of profit of year 2009 for the whole year amounting to Baht 3.9 million.

In addition, the net profit from operation of associates in Vietnam for the year 2009 increased from prior year about Baht 5.2 million because of the increase in sales about Baht 5 million or 8% and the increase in commission income about Baht 4 million. The commission income received from supplier while there is no this income in year 2008.

## Malaysia

	2009	2008	Change	Dec' 09	Dec' 09
1 Malaysia Ringgit = 9.44 baht	('000 Ringgit)	('000 Ringgit)	('000 Ringgit)	('000 Ringgit)	('000 Baht)
Revenue	138,391	150,568	(12,177)	33,588	317,037
Cost of sales and services	(128,130)	(142,744)	14,614	(29,964)	(282,823)
Gross profit	10,261	7,824	2,437	3,624	34,214
Other income	432	434	(2)	58	543
Selling & Admin expenses	(4,585)	(3,902)	(683)	(651)	(6,143)
Financial expenses	(2,929)	(2,282)	(647)	(290)	(2,736)
Income tax	(1,167)	(708)	(459)	(696)	(6,573)
Minority interest	24	(29)	53	8	76
Net profit	2,036	1,337	699	2,053	19,381
Shareholding (%)					60%
Net profit of the Company					11,629

Net profit of subsidiary in Malaysia for the year 2009 increased about Ringgit 0.7 million due to:

1. Revenue of subsidiary in Malaysia in year 2009 decreased from prior year about Ringgit 12 million while cost of sales decreased more about Ringgit 146 million therefore this resulted in the increase in gross profit about Ringgit 2.4 million. By the way, the sales of hardware in year 2009 came from the project with the higher margin than last year as the Company added value from the customization services. The gross profit for year 2009 was 7% compared with 5% of last year.
2. The financial expenses and the selling & admin expenses decreased from prior year about Ringgit 1.3 million because the better improvement in project management which help in faster project closing and decrease in financial and admin expenses.

The Company acquired this subsidiary during the beginning of December 2009 therefore the Company could consolidate its net profit of December amounting to baht 11.6 million.

## REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of Simat Technologies Public Company Limited

I have audited the accompanying consolidated balance sheet of Simat Technologies Public Company Limited and subsidiaries as at 31 December 2009, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. I have also audited separate balance sheet of Simat Technologies Public Company Limited as at 31 December 2009, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of a newly acquired subsidiary company with total assets as at 31 December 2009 of Baht 770 million, or 77.53 percent of total consolidated assets, and with total revenues for the year ended 31 December 2009 of Baht 317 million, or 57.95 percent of total consolidated revenues. I also did not audit the financial statements of two associated companies for the year ended 31 December 2009, for which the Company accounts for investments in the accompanying consolidated financial statements by the equity method. The investments in such associated companies represent 2.93 percent of total consolidated assets as at 31 December 2009, and the equity in net profits in such companies represent 17.59 percent of net income attributable to the Company in the consolidated statement of income for the year ended 31 December 2009. The financial statements of the subsidiary and associated companies were audited by other auditors, whose reports have been furnished to me. My report, insofar as it relates to those subsidiary and associated companies, is based solely on the reports of those auditors. The consolidated financial statements of Simat Technologies Public Company Limited and subsidiaries and the separate financial statements of Simat Technologies Public Company Limited for the year ended 31 December 2008, presented for comparative purposes, were audited by Mrs. Sumalee Chokdeeanant, an auditor in the same office as mine, whose report dated 24 February 2009 expressed an unqualified opinion.





I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit, together with the reports of the other auditors as discussed in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audit and the reports of other auditors, the consolidated and the Company's separate financial statements referred to above present fairly, in all material respects, the consolidated financial position of Simat Technologies Public Company Limited and subsidiaries as at 31 December 2009, and the consolidated results of their operations and cash flows for the year then ended, and the separate financial position of Simat Technologies Public Company Limited as at 31 December 2009, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.



**Mr. Somckid Tiatragul**

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand

1 March 2010

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

## AS AT 31 DECEMBER 2009 AND 2008

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2009	2008	2009	2008
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	23,484,899	65,126,418	5,374,378	53,443,229
Trade accounts receivable					
- general customers - net	6	534,747,276	31,683,446	40,421,668	30,197,716
- related companies	7	89,696	86,853	175,997	86,853
Accrued income		7,403,751	-	7,403,751	-
Dividend receivable from subsidiary company	7	-	-	-	7,000,000
Amounts due from related companies	7	9,970	-	191,519	180,632
Inventories - net	8	211,153,739	36,579,814	28,198,665	36,102,981
Loan to related companies	7	1,910,458	-	7,910,458	4,500,000
Other current assets		27,280,681	1,667,763	1,251,846	1,435,016
<b>Total Current Assets</b>		<b>806,080,470</b>	<b>135,144,294</b>	<b>90,928,282</b>	<b>132,946,427</b>
<b>NON - CURRENT ASSETS</b>					
Restricted deposits with banks	9	70,643,261	20,000,000	11,000,000	20,000,000
Investments in subsidiary companies	10	-	-	90,592,282	10,200,000
Investments in associated companies	10	29,068,927	25,204,517	21,273,694	21,273,694
Goodwill	11	44,692,503	-	-	-
Equipment - net	12	36,029,635	33,921,766	16,784,226	25,513,188
Equipment for lease - net	12	1,236,067	4,930,433	1,236,067	4,930,433
Computer software - net	13	449,834	1,075,315	614,978	1,592,994
Intangible asset	14	2,383,079	-	2,383,079	-
Deposits		2,799,601	1,699,081	1,576,679	1,575,880
<b>Total Non - Current Assets</b>		<b>187,302,907</b>	<b>86,831,112</b>	<b>145,461,005</b>	<b>85,086,189</b>
<b>TOTAL ASSETS</b>		<b>993,383,377</b>	<b>221,975,406</b>	<b>236,389,287</b>	<b>218,032,616</b>

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

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

## AS AT 31 DECEMBER 2009 AND 2008

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2009	2008	2009	2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdraft and short-term loan from financial institution	16	384,293,554	-	3,914,234	-
Trade accounts payable					
- general suppliers		316,966,640	32,145,057	23,349,790	31,739,240
- related companies	7	945,679	753,158	6,917,528	857,418
Deferred revenues		7,770,665	6,984,841	7,770,441	6,984,841
Amounts due to related companies	7	1,285,500	637,637	632,434	-
Amounts due to related parties	7	25,297,648	-	-	-
Current portion of payable for purchase of investments	7	14,495,385	4,780,950	13,811,642	4,055,526
Current portion of liabilities under hire purchase and financial lease agreements	15	5,001,705	2,876,748	2,257,477	2,876,748
Accrued income tax		6,011,513	118,134	14,663	118,134
Accrued expenses		12,778,920	5,179,488	5,762,737	4,860,964
Accrued dividend		17,715	19,967	17,715	19,968
Other current liabilities		2,686,065	554,029	653,835	336,242
<b>Total Current Liabilities</b>		<b>777,550,989</b>	<b>54,050,009</b>	<b>65,102,496</b>	<b>51,849,081</b>
<b>NON - CURRENT LIABILITIES</b>					
Liabilities under hire purchase and financial lease agreements - net	15	5,171,210	3,667,877	1,461,199	3,667,877
Payable for purchase of investments	7	14,495,385	4,780,949	13,811,642	4,055,525
<b>Total Non - Current Liabilities</b>		<b>19,666,595</b>	<b>8,448,826</b>	<b>15,272,841</b>	<b>7,723,402</b>
<b>TOTAL LIABILITIES</b>		<b>797,217,584</b>	<b>62,498,835</b>	<b>80,375,337</b>	<b>59,572,483</b>

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

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

AS AT 31 DECEMBER 2009 AND 2008

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2009	2008	2009	2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common share at Baht 1 par value					
- Registered 78,700,000 shares	19	78,700,000	75,000,000	75,000,000	75,000,000
(31 December 2008: 75,000,000 shares)					
- Issued and fully paid - up 75,000,000 shares		75,000,000	75,000,000	75,000,000	75,000,000
Paid in capital in excess of par value		49,266,890	49,266,890	49,266,890	49,266,890
Discount from change in proportion of investment in subsidiary company		(1,541,937)	-	-	-
Currency translation differences		(4,817)	-	-	-
Retained earnings					
- Legal reserve	20	7,463,607	7,210,917	7,463,607	7,210,917
- Unappropriated		39,517,071	25,301,679	24,283,453	26,982,326
Shareholders' equity of the Company		169,700,814	156,779,486	156,013,950	158,460,133
Minority interest in subsidiary companies		26,464,979	2,697,085	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>196,165,793</b>	<b>159,476,571</b>	<b>156,013,950</b>	<b>158,460,133</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>993,383,377</b>	<b>221,975,406</b>	<b>236,389,287</b>	<b>218,032,616</b>

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

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF INCOME

AS AT 31 DECEMBER 2009 AND 2008

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2009	2008	2009	2008
<b>REVENUES</b>	7				
Sales		493,900,294	191,528,195	158,833,423	189,162,407
Services and maintenance income		45,625,857	44,743,995	45,457,282	44,743,995
Rental income		3,659,161	4,136,708	3,659,161	4,136,707
<b>TOTAL REVENUES FROM SALES AND SERVICES</b>		<b>543,185,312</b>	<b>240,408,898</b>	<b>207,949,866</b>	<b>238,043,109</b>
<b>COST OF SALES AND SERVICES</b>	7,18	(439,943,793)	(157,550,391)	(145,710,683)	(162,473,834)
<b>Gross profit</b>		<b>103,241,519</b>	<b>82,858,507</b>	<b>62,239,183</b>	<b>75,569,275</b>
Dividend income	7	-	-	1,463,707	10,482,919
Gain on exchange rate		965,577	667,622	456,360	617,546
Other income	7	1,026,101	1,743,661	1,234,178	1,789,944
<b>Income before expenses</b>		<b>105,233,197</b>	<b>85,269,790</b>	<b>65,393,428</b>	<b>88,459,684</b>
Selling expenses	7,18	(10,089,554)	(12,017,878)	(9,642,630)	(11,689,585)
Administrative expenses	7,18	(50,198,333)	(45,294,178)	(39,817,891)	(41,857,835)
Management remunerations	18	(8,750,742)	(9,944,000)	(8,416,000)	(9,944,000)
<b>Total expenses</b>		<b>(69,038,629)</b>	<b>(67,256,056)</b>	<b>(57,876,521)</b>	<b>(63,491,420)</b>
<b>Income from operations</b>		<b>36,194,568</b>	<b>18,013,734</b>	<b>7,516,907</b>	<b>24,968,264</b>
Equity in net income of associated companies		3,864,411	332,262	-	-
<b>Income before financial expenses and income tax</b>		<b>40,058,979</b>	<b>18,345,996</b>	<b>7,516,907</b>	<b>24,968,264</b>
Financial expenses		(3,389,492)	(555,670)	(496,046)	(555,670)
<b>Income before income tax</b>		<b>36,669,487</b>	<b>17,790,326</b>	<b>7,020,861</b>	<b>24,412,594</b>
Income tax	17	(8,539,886)	(3,300,775)	(1,967,064)	(3,300,775)
<b>NET INCOME FOR THE YEAR</b>		<b>28,129,601</b>	<b>14,489,551</b>	<b>5,053,797</b>	<b>21,111,819</b>
<b>Allocation of income (loss)</b>					
Portion of the Company shareholders		21,968,062	16,592,466	5,053,797	21,111,819
Portion of minority interests of the subsidiary companies		6,161,539	(2,102,915)	-	-
		<b>28,129,601</b>	<b>14,489,551</b>	<b>5,053,797</b>	<b>21,111,819</b>
<b>BASIC EARNINGS PER SHARE</b>					
Net income attributable to the Company per share (Baht)		0.29	0.22	0.07	0.28
Weighted average number of common shares (shares)		75,000,000	75,000,000	75,000,000	75,000,000

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

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## AS AT 31 DECEMBER 2009 AND 2008

		Shareholders' equity of the company						(Unit : Baht)		
		Paid-up Share capital	Paid-in capital in excess of par	Discount from change in proportion of investment in subsidiary company	Currency translation differences	Retained earnings		Total Shareholders' Equity of the company	Minority Interest in subsidiary companies	Total
Notes	Legal reserve					Unappropriated				
<b>CONSOLIDATED F/S</b>										
		75,000,000	49,266,890	-	-	6,155,326	31,511,004	161,933,220	-	161,933,220
		-	-	-	-	-	-	-	4,800,000	4,800,000
	20	-	-	-	-	1,055,591	(1,055,591)	-	-	-
		-	-	-	-	-	16,592,466	16,592,466	(2,102,915)	14,489,551
	23	-	-	-	-	-	(21,746,200)	(21,746,200)	-	(21,746,200)
		<b>75,000,000</b>	<b>49,266,890</b>	<b>-</b>	<b>-</b>	<b>7,210,917</b>	<b>25,301,679</b>	<b>156,779,486</b>	<b>2,697,085</b>	<b>159,476,571</b>
		75,000,000	49,266,890	-	-	7,210,917	25,301,679	156,779,486	2,697,085	159,476,571
		-	-	-	-	-	-	-	16,064,418	16,064,418
	20	-	-	-	-	252,690	(252,690)	-	-	-
		-	-	-	-	-	21,968,062	21,968,062	6,161,539	28,129,601
		-	-	(1,541,937)	-	-	-	(1,541,937)	1,541,937	-
	23	-	-	-	-	-	(7,499,980)	(7,499,980)	-	(7,499,980)
		-	-	-	(4,817)	-	-	(4,817)	-	(4,817)
		<b>75,000,000</b>	<b>49,266,890</b>	<b>(1,541,937)</b>	<b>(4,817)</b>	<b>7,463,607</b>	<b>39,517,071</b>	<b>169,700,814</b>	<b>26,464,979</b>	<b>196,165,793</b>

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

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT 31 DECEMBER 2009 AND 2008

## Shareholders' equity of the company

(Unit : Baht)

	Notes	Shareholders' equity of the company					Retained earnings		Total	Minority interest	Total
		Paid-up Share capital	Paid-in capital in excess of par	Discount from change in proportion of investment in subsidiary company	Currency translation differences	Legal reserve	Unappropriated	Shareholders' Equity of the company	In subsidiary companies		
<b>SEPARATE F/S</b>											
<b>Balance as at 1 January 2008</b>		75,000,000	49,266,890	-	-	6,155,326	28,672,298	159,094,514	-	59,094,514	
Appropriation for legal reserve	20	-	-	-	-	1,055,591	(1,055,591)	-	-	-	
Net income for the year		-	-	-	-	-	21,111,819	21,111,819	-	21,111,819	
Dividend payment	23	-	-	-	-	-	(21,746,200)	(21,746,200)	-	(21,746,200)	
<b>Balance as at 31 December 2008</b>		<b>75,000,000</b>	<b>49,266,890</b>	<b>-</b>	<b>-</b>	<b>7,210,917</b>	<b>26,982,326</b>	<b>158,460,133</b>	<b>-</b>	<b>158,460,133</b>	
<b>Balance as at 1 January 2009</b>		75,000,000	49,266,890	-	-	7,210,917	26,982,326	158,460,133	-	158,460,133	
Appropriation for legal reserve	20	-	-	-	-	252,690	(252,690)	-	-	-	
Net income for the year		-	-	-	-	-	5,053,797	5,053,797	-	5,053,797	
Dividend payment	23	-	-	-	-	-	(7,499,980)	(7,499,980)	-	(7,499,980)	
<b>Balance as at 31 December 2009</b>		<b>75,000,000</b>	<b>49,266,890</b>	<b>-</b>	<b>-</b>	<b>7,463,607</b>	<b>24,283,453</b>	<b>156,013,950</b>	<b>-</b>	<b>156,013,950</b>	

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

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

AS AT 31 DECEMBER 2009 AND 2008

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
<b>Cash flows from operating activities</b>				
Income before tax	36,669,487	17,790,326	7,020,861	24,412,594
<b>Adjustments to reconcile income before tax to net cash provided from (used in) operating activities:</b>				
Depreciation and amortisation	16,785,143	17,096,915	14,994,124	16,407,381
Equity in net income of associated companies	(3,864,411)	(332,262)	-	-
Unrealized gain on foreign exchange rate	(725,141)	(23,000)	(293,441)	(32,079)
Gain on disposal of equipment	(38,618)	(659)	(38,618)	(659)
Provision for doubtful account	482,313	-	482,313	-
Provision for obsolete and devaluation of inventories	527,605	233,334	527,605	233,334
Dividend income	-	-	(1,463,707)	(10,482,919)
Interest income	(1,126,913)	(1,739,964)	(1,048,503)	(1,739,964)
Interest expense	3,285,605	555,670	496,046	555,670
<b>Cash provided from operating activities before changes in operating assets and liabilities :</b>	<b>51,995,070</b>	<b>33,580,360</b>	<b>20,676,680</b>	<b>29,353,358</b>
<b>Changes in operating assets and liabilities:</b>				
<b>Decrease (increase) in operating assets:</b>				
Trade accounts receivable	(169,631,188)	36,007,534	(10,795,465)	37,442,440
Accrued income	(7,403,751)	551,944	(7,403,751)	551,944
Amounts due from related companies	5,238	-	4,321	(180,632)
Inventories	31,586,705	(6,727,080)	5,973,672	(6,531,119)
Other current assets	10,408,080	5,551,080	63,629	5,783,826
Deposits	123,536	(334,945)	(799)	(220,644)
<b>Increase (decrease) in operating liabilities:</b>				
Trade accounts payable	88,582,871	(17,535,304)	(2,414,705)	(21,422,361)
Deferred revenues	785,824	(139,703)	785,600	(139,703)
Amounts due to related companies	(649,599)	608,557	(685,365)	(600,000)
Amounts due to related parties	(9,190,327)	-	-	-
Accrued expenses	98,707	(3,598,899)	896,448	(3,793,375)
Other current liabilities	(1,866,836)	(1,806,236)	317,593	(1,158,843)
<b>Cash provided from operating activities</b>	<b>13,224,984</b>	<b>46,157,308</b>	<b>7,417,858</b>	<b>39,084,891</b>
Interest received	1,246,454	1,550,550	1,168,044	1,550,550
Interest payment	(2,700,437)	(555,670)	(492,975)	(555,670)
Income tax payment	(2,386,758)	(3,276,665)	(2,070,535)	(3,265,798)
<b>Net cash provided from operating activities</b>	<b>9,384,243</b>	<b>43,875,523</b>	<b>6,022,392</b>	<b>36,813,973</b>

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



**SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES****STATEMENTS OF CASH FLOWS (CONTINUED)****AS AT 31 DECEMBER 2009 AND 2008****(Unit : Baht)**

	<b>CONSOLIDATED F/S</b>		<b>SEPARATE F/S</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Cash flows from investing activities:</b>				
Received dividend from subsidiary company	-	-	8,463,707	3,482,919
Loan to related companies	(1,910,458)	-	(3,410,458)	(4,500,000)
Decrease (increase) in restricted deposits with banks	8,318,432	(8,440,659)	9,000,000	(8,440,659)
Cash paid for investment in subsidiaries companies	(25,226,937)	-	(60,518,081)	(7,200,000)
Cash paid for investment in associated companies	-	(15,310,356)	-	(13,162,643)
Proceeds from disposal of equipment	208,742	449,395	208,742	449,395
Cash payment for acquisition of equipment	(4,493,127)	(17,927,907)	(159,866)	(9,183,284)
Cash payment for acquisition of computer software	(1,317,852)	(104,249)	(1,263,593)	
<b>Net cash used in investing activities</b>	<b>(24,421,200)</b>	<b>(41,333,776)</b>	<b>(47,679,549)</b>	<b>(38,554,272)</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in bank overdraft and short-term loan from financial institution	(15,967,359)	-	3,914,234	-
Payments for liabilities under hire purchase and financial lease agreements	(4,009,771)	(2,873,730)	(2,825,948)	(2,873,730)
Dividend payment	(7,499,980)	(21,726,763)	(7,499,980)	(21,726,763)
Proceeds from share capital of subsidiaries companies from minority interest	547,910	(4,800,000)	-	-
<b>Net cash used in financing activities</b>	<b>(26,929,200)</b>	<b>(19,800,493)</b>	<b>(6,411,694)</b>	<b>(24,600,493)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(41,966,157)</b>	<b>(17,258,746)</b>	<b>(48,068,851)</b>	<b>(26,340,792)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>324,638</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>65,126,418</b>	<b>82,385,164</b>	<b>53,443,229</b>	<b>79,784,021</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>23,484,899</b>	<b>65,126,418</b>	<b>5,374,378</b>	<b>53,443,229</b>

**Non - cash transactions**

For the year ended 31 December 2009

The Company transferred inventories to equipment and equipment for lease totaling Baht 1.32 million.

The cost of software development remains unpaid totalling Baht 1.32 million.

The subsidiary company acquired machine for a total cost of Baht 9.72 million of which Baht 5.83 million to be paid by instalments under financial lease agreement and Baht 3.89 million was paid by cash.

For the year ended 31 December 2008

The Company transferred inventories to equipment and equipment for lease totaling Baht 3.21 million.

The Company acquired vehicles with a total costs of Baht 4.21 million of which Baht 2.58 million to be paid by instalments under financial lease agreements and Baht 1.63 million was paid by cash.

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

**SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS****AS AT 31 DECEMBER 2009 AND 2008****1. GENERAL INFORMATION**

The Company registered its incorporation with the Ministry of Commerce as a limited company 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 18 July 2006. The Company is engaged in the trading of computer hardware, software and network accessories and computer information technology system development.

On 12 December 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 61/2 Ladkrabang Industrial Estate, Moo4, Chalongkrung Road, Lamplatew sub-district, Ladkrabang district, Bangkok.

**2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLES OF CONSOLIDATION**

2.1 The consolidated interim financial statements include the financial statements of Simat Technologies Public Company Limited and subsidiaries as follow :

Subsidiary companies	Country of incorporation	Percentage of shareholding		Type of businesses
		2009	2008	
Simat Soft Co., Ltd.	Thailand	100.00%	100.00%	Production, development, modifying and sales of computer software.
Simat Label Co., Ltd.	Thailand	80.00%	60.00%	Wholesaler for barcode, productions and RFID, papers and related supplies.
E-Tech Distribution Co., Ltd. Formerly “Simat E-Tech (Thailand) Ltd”	Thailand	51.00%	-	Sales of computer hardware
E-Tech IT Sdn, Bhd.	Malaysia	60.00%	-	Sales of computer hardware, software and maintenance services

As at 31 December 2009 and 2008, the total assets of subsidiaries represent 81.10 percent and 11.77 percent, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiaries for the years ended 31 December 2009 and 2008 represent 61.36 percent and 1.04 percent, respectively, of the total revenues in the consolidated financial statements.

2.2 Significant inter-company transactions with subsidiaries included in the consolidated financial statements have been eliminated.

2.3 The consolidated and the separate financial statements have been prepared with the same accounting policies for the same accounting transactions or accounting events.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of financial statement preparation

The accompanying financial statements have been prepared in Thai in accordance with the generally accepted accounting principles issued under the Accounting Act B.E. 2543, and accounting standards issued under Accounting Profession Act B.E. 2547, and the regulations promulgated by the Securities and Exchange Commission and the Securities Exchange of Thailand concerning the preparation and the disclosure of financial information, under the Securities and Exchange Act B.E. 2535. The financial statements have been prepared on a historical cost basis except as, otherwise, disclosed specifically. The translation of these statutory financial statements to other language must be in compliance with the Thai financial report.

During the years 2008 and 2009, the Federation of Accounting Professions has announced the amendments to certain accounting standards, financial reporting standards and accounting treatment guidelines which are effective for the accounting periods beginning on or after 1 January 2009 and 1 January 2011 and 1 January 2012. The Company's management has assessed the effects of those amended accounting standards, financial reporting standards and accounting treatment guidelines and believe that they do not have any significant impact on the financial statements for the period in which they are initially applied.

The Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore, the numbers of Thai Accounting Standards as used in these financial statements are corresponding to those relevant International Accounting Standards.

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

#### 3.3 Cash and cash equivalents

Cash and cash equivalents represent cash on hand and deposits with bank with maturities of less than three months without restriction of usage or obligation.

#### 3.4 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 debt are written-off during the year in which they are identified.

#### 3.5 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.

### 3.6 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.

### 3.7 Investment in subsidiary and associate companies

Investment 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. Provisions for impairment are taken up in the accounts to adjust the value of investment whenever necessary.

### 3.8 Equipment

Equipment is recorded 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. Equipment is presented in the balance sheet at cost less accumulated depreciation and allowance for impairment of assets.

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

	<u>Years</u>
Office equipment	3 - 5
Tools and equipments	3 - 5
Furniture and fixtures	5
Motor vehicles	5
Machineries	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.

### 3.9 Computer programs

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

### 3.10 Impairment of assets

The Company and subsidiary review their equipment and other non – current assets are for impairment whenever events or changes in circumstances indicate that the recoverable amount of asset is lower than its carryings amount. An impairment loss is recognized as an expense in the statement of income.

### 3.11 Leases – where the Company and subsidiary are the lessee

Leases of equipment where the Company 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 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.

### 3.12 Foreign currency transactions

Transactions in foreign currencies are recorded in Baht at the rates prevailing at the transaction dates. Outstanding balances of assets and liabilities denominated in foreign currencies, at the balance sheet date are translated into Baht at the rates of exchange in effect at that date. Translation gains or losses are credited or charged to the statement of income each year.

#### Financial Statements of Foreign Subsidiary

The financial statements of a subsidiary in foreign currency are translated into Baht for consolidation as follows:

Asset and liabilities	- At closing rate
Share capital	- At the rate the transaction is executed
Income and expense	- At average rate of exchange during the year
Cumulative translation adjustments	- Shown under shareholder's equity in the consolidated financial statements

The above rates should not be construed that all assets, liabilities, income and expenses can be actually realized at those rates.

### 3.13 Provident fund

The Company and subsidiaries have established a registered provident fund contributed by employees and by the Company for which assets are held in a separate trustee fund and managed by fund manager.

The Company contributions are charged to the statement of income in the period which they relate.

### 3.14 Income tax

The Company and subsidiaries recognize tax obligations on a tax basis based on the conditions described in the Revenue Code.

### 3.15 Earnings per share

Earning per share is determined by dividing the net income for the year by the weighted average number of shares outstanding during the year.

### 3.16 Segment information

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

### 3.17 Dividend payment

The Company and subsidiary record dividend payment in the financial statements in the fiscal year in which they are approved by the Shareholders or Board of Directors.

### 3.18 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of expenses, assets and disclosures of continue assets and liabilities. Actual results may differ from those estimates.

### 3.19 Provisions for liabilities and expenses, and contingent assets

Provisions are recognized when the Company and its subsidiary has present legal or constructive obligations as a result of past events with probable outflow of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually received.

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

### 4.1 Critical accounting estimates, assumption and judgments

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.

#### 4.1.1 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 couple with a review of outstanding receivables at the balance sheet date.

#### 4.1.2 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.

#### 4.1.3 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 judgement.

#### 4.1.4 Impairment of goodwill

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

#### 4.1.5 Impairment of assets

The Company and subsidiaries consider 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 below their cost, the Company and subsidiaries make an estimate of the asset recoverable amount. The determination of recoverable amount is requires judgment.

#### 4.1.6 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 subject to be written down for their technical obsolescence or no longer in used.

#### 4.1.7 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.

### 4.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

5. CASH AND CASH EQUIVALENTS

(Unit: Baht)

Ages of receivable	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Cash on hand	212,800	171,801	79,472	135,859
Cash at banks				
- Current account	21,734,350	24,233,763	3,806,269	12,586,516
- Saving account	730,029	3,058,816	730,029	3,058,816
- Fix account with maturity of less than 3 months	807,720	37,662,038	758,608	37,662,038
Total	23,484,899	65,126,418	5,374,378	53,443,229

6. TRADE ACCOUNTS RECEIVABLE

As at 31 December 2009 and 2008, the aged analysis of accounts receivable are as follows :

(Unit: Baht)

Ages of receivable	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Not yet due	424,687,983	19,803,111	34,934,657	18,893,255
Past due : Less than 3 months	22,792,714	11,222,639	5,483,534	10,658,364
3 – 6 months	59,738,535	82,219	482,313	70,620
6 – 12 months	30,802,713	558,387	-	558,387
Over 12 months	7,732,639	144,955	131,342	144,955
Total	545,754,584	31,811,311	41,031,846	30,325,581
<u>Less</u> Allowance for doubtful accounts	(11,007,308)	(127,865)	(610,178)	(127,865)
Trade accounts receivable - net	534,747,276	31,683,446	40,421,668	30,197,716

As at 31 December 2009, receivables of a foreign subsidiary company amounted approximately Baht 18.6 million, were guaranteed by a director of that subsidiary.

7. TRANSACTIONS WITH RELATED COMPANY

The Company has certain transactions with its related parties. A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with the related parties which are directly and indirectly related through common shareholding and/or directorships.



Balances with related parties as at 31 December 2009 and 2008 are summarised below :

	(Unit: Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
<u>Trade accounts receivable</u>				
Grand – flo Electronic Systems Sdn, Bhd.	89,696	72,026	89,696	72,026
Sino Trading – Services Corporation	-	14,827	-	14,827
Simat Label Co., Ltd.	-	-	86,301	-
<b>Total</b>	<b>89,696</b>	<b>86,853</b>	<b>175,997</b>	<b>86,853</b>
<u>Dividend receivable from subsidiary company</u>				
Simat Soft Co., Ltd.	-	-	-	7,000,000
<u>Amounts due from related companies</u>				
Simat Label Co., Ltd.	-	-	139,844	140,656
Simat Soft Co., Ltd.	-	-	41,705	39,976
High Rich Trading – Services Corporation	9,970	-	9,970	-
<b>Total</b>	<b>9,970</b>	<b>-</b>	<b>191,519</b>	<b>180,632</b>
<u>Loan to subsidiary company</u>				
Simat Label Co., Ltd.	-	-	6,000,000	4,500,000
High Rich Trading – Services Corporation	1,910,458	-	1,910,458	-
	<b>1,910,458</b>	<b>-</b>	<b>7,910,458</b>	<b>4,500,000</b>

The Company had provided short – term loans to its subsidiary and related company for use as working capital. Such loans bear interest rate at 7.25% and 6.00% per annum, respectively.

<u>Trade accounts payable</u>				
Grand – flo Electronic Systems Sdn, Bhd.	828,384	81,870	828,384	81,870
Kopacklabels Press Sdn. Bhd.	88,150	-	-	-
Grand – flo Spritvest Sdn, Bhd.	29,145	662,307	29,145	662,307
Simat Soft Co., Ltd.	-	-	6,035,175	85,000
Simat Label Co., Ltd.	-	-	24,824	19,260
Sino Trading – Services Corporation	-	8,981	-	8,981
<b>Total</b>	<b>945,679</b>	<b>753,158</b>	<b>6,917,528</b>	<b>857,418</b>
<u>Amounts due to related companies</u>				
Grand – flo Solution Bhd.	510,305	87,706	510,305	-
Label Network Sdn, Bhd.	586,763	523,514	-	-
Grand – flo Electronic Systems Sdn, Bhd.	188,432	26,417	122,129	-
<b>Total</b>	<b>1,285,500</b>	<b>637,637</b>	<b>632,434</b>	<b>-</b>

	(Unit: Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
<u>Amounts due to related parties</u>				
Mr. Ling Chee Kiat	18,646,738	-	-	-
Mr. Cheng Ping Liong	6,650,910	-	-	-
Total	<u>25,297,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Payable for purchase of investments</u>				
Portion due within one year				
Mr. Nguyen Quyet Thang	3,874,542	4,055,526	3,874,542	4,055,526
Mrs. Nguyen Thi Thang	683,743	725,424	-	-
Mr. Ling Chee Kiat	9,937,100	-	9,937,100	-
Total	<u>14,495,385</u>	<u>4,780,950</u>	<u>13,811,642</u>	<u>4,055,526</u>
Portion due over one year but not over five years				
Mr. Nguyen Quyet Thang	3,874,542	4,055,525	3,874,542	4,055,525
Mrs. Nguyen Thi Thang	683,743	725,424	-	-
Mr. Ling Chee Kiat	9,937,100	-	9,937,100	-
Total	<u>14,495,385</u>	<u>4,780,949</u>	<u>13,811,642</u>	<u>4,055,525</u>

Amounts due to related parties consist of deposit from director of a subsidiary (Mr. Ling Chee Kiat) totalling Baht 18.65 million represents the deposit with the Company to guarantee the collection of a long outstanding debtor balance of E-Tech IT Sdn, bhd. (“a subsidiary”) within the specific period of time as agreed in the memorandum at the acquisition date. Advance from director of related company (Mr. Cheng Ping Liong) totalling Baht 6.65 million bears no interest.

Above payable for purchase of investments occurred from the Company investment in associated companies in Vietnam and a subsidiary in Malaysia as discussed in Note 10 and 11. The Company and its subsidiary will pay the former shares owners by instalments when the associated companies and the subsidiary can meet the committed profit as indicated in the Share Sale and Purchase agreement. The management believes that associated companies and the subsidiary could meet the committed profit as indicated in such agreement.

Transactions with related parties for the years ended 31 December 2009 and 2008 are summarised below :

(Unit: Baht)

Transactions with related Companies	Pricing policy	CONSOLIDATED F/S		SEPARATE F/S	
		2009	2008	2009	2008
Sales of inventories	At market price	355,806	2,238,574	533,245	2,341,356
Sales of assets	At cost	-	-	-	329,718
Dividend received from subsidiary	At cost	-	-	1,463,707	10,482,919
Interest income	At the rate of 6.00% - 7.25%	9,970	46,082	439,309	-
Purchases of inventories	At market price	1,869,422	764,184	2,441,859	1,357,154
Software service cost	Mutually agreed price	-	-	9,240,500	11,236,500
Purchases of assets	Mutually agreed price	1,523,229	-	2,383,079	-
Rental expenses	Mutually agreed price	-	80,000	-	-
Other expenses	At cost	779,067	715,715	593,566	358,892

At the Ordinary Shareholders' Meeting No. 1/2009 of Simat Soft Co., Ltd, a subsidiary of the Company, held on 30 April 2009, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended 31 December 2008 for 0.3 million common shares, at Baht 4.88 Baht per share, amounted to Baht 1.46 million.

At the Ordinary Shareholders' Meeting No. 1/2008 of Simat Soft Co., Ltd, a subsidiary of the Company, held on 25 April 2008, the shareholders passed a resolution to pay cash dividends from the net income for the year ended 31 December 2007 for 0.3 million common shares, at the rate of Baht 11.61 per shares, totalling Baht 3.48 million.

At the Board of Directors' Meeting no. 3/2008 of Simat Soft Co., Ltd., a subsidiary of the Company, held on 17 December 2008, its Board of Directors passed a resolution to pay interim cash dividends from the net profit for the period ended 30 November 2008 for 300,000 common shares at Baht 23.33 per shares, or totaling Baht 7.00 million.

## 8. INVENTORIES

(Unit: Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Finished goods	208,622,933	34,850,181	26,017,536	34,713,468
Work in process	578,290	179,532	-	-
Raw materials	967,575	160,588	-	-
Spare parts	2,515,611	2,622,201	2,515,611	2,622,201
Goods in transit	1,425,811	-	1,425,811	-
Total	214,110,220	37,812,502	29,958,958	37,335,669
<u>Less</u> Allowance for decline values of inventories	(2,956,481)	(1,232,688)	(1,760,293)	(1,232,688)
Inventories - net	211,153,739	36,579,814	28,198,665	36,102,981



10. INVESTMENTS IN SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES

Type of businesses		CONSOLIDATED F/S (Unit : Thousand Baht)							
		Paid-up capital		% of share holding		Cost method		Equity method	
		2009	2008	2009	2008	2009	2008	2009	2008
<u>Associated companies</u>									
Sino Trading – Services Corporation	Trading of computer hardware, software and network and network accessories and computer information technology system development	12,600	12,600	40	40	21,274	21,274	25,003	21,584
High Rich Trading and Services Corporation	Wholesaler for barcode, productions and RFID, papers and related supplies	2,140	2,140	40	40	3,599	3,599	4,066	3,620
Total investments in associated companies						<u>24,873</u>	<u>24,873</u>	<u>29,069</u>	<u>25,204</u>
Type of businesses		SEPARATE F/S (Unit : Thousand Baht)							
		Paid-up capital		% of share holding		Cost method		Cash dividend	
		2009	2008	2009	2008	2009	2008	2009	2008
<u>Subsidiary companies</u>									
Simat Soft Co. Ltd.	Production, development, modifying and sales of computer software	3,000	3,000	100	100	3,000	3,000	1,464	10,483
Simat Label Co. Ltd.	Wholesaler for barcode, productions and RFID, papers and related supplies	24,000	12,000	80	60	19,200	7,200	-	-
E-Tech Distribution Co., Ltd.	Sales of hardware, software and maintenance service for the point of sales system	1,250	-	51	-	638	-	-	-
Formerly “Simat E-Tech (Thailand) Ltd.”									
E-Tech IT Sdn, Bhd.	Sales of computer hardware, software and maintenance services	38,123	-	60	-	67,754	-	-	-
Total investments in subsidiary companies						<u>90,592</u>	<u>10,200</u>	<u>1,464</u>	<u>10,483</u>
<u>Associated company</u>									
Sino Trading – Services Corporation	Trading of computer hardware, software and network and network accessories and computer information technology system development	12,600	12,600	40	40	21,274	21,274	-	-
Total investments in associated company						<u>21,274</u>	<u>21,274</u>	<u>-</u>	<u>-</u>

On 13 March 2009, the Company invested in E-Tech Distribution Co., Ltd., formerly “Simat E-Tech (Thailand) Ltd.” at 51% of paid-up share capital, and the remaining 49% is held by E-Tech IT Sdn, Bhd. (“subsidiary”).

On 12 May 2009, Simat Label Company Limited (“Subsidiary”) registered the increase of share capital amounting to Baht 12 million in which the Company invested in all shares increased.

On 11 November 2008, the Company purchased a 40% shares of Sino Trading – Services Corporation, a company incorporated in Vietnam and on 30 November 2008, the subsidiary company purchased a 40% shares of High Rich Trading and Services Corporation, a company incorporated in Vietnam. Such associated companies will support the expansion of the Company and subsidiary company’s businesses in Vietnam. The purchase prices for share capital of those associated companies were based on the appraisals of the Vietnamese financial advisor. The Company will treat investments in subsidiary companies as impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires management judgment.

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 as at 31 December 2009 are summarized as follows:

	(Unit : Thousand Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
	2552	2552
Assets	44,781	32,895
Liabilities	17,856	9,466
Revenue for the year	68,087	56,780
Net profit for the year	9,661	8,549
Net profit attributable to the Company	3,864	3,420

The share of profits from investments will be recorded by using equity method and such profits have been included since the Company and its subsidiary acquired the associated companies.

11. SHARE ACQUISITION AGREEMENT

On 1 December 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 68 million to be paid by cash to the former shareholders of E-Tech IT Sdn, Bhd. The value of acquired assets and liabilities as at the acquisition date are as follows:

	(Unit : Baht)
	30 November 2009
Cash and cash equivalents	81,615,338
Trade accounts receivable - net	333,917,853
Investment in associated company	547,910
Inventory - net	208,091,274
Other current assets	35,964,373
Plant and equipment - net	2,683,645
Deposit and guarantees	1,048,377
Bank overdraft and short - term loan from financial institution	(400,260,913)
Trade accounts payable	(196,349,022)
Amounts due to related parties	(16,107,321)
Other current liabilities	(10,652,425)
Hire purchase liabilities	(1,372,392)
Minority interest in subsidiary company	(689,565)
Total net assets value	<u>39,437,132</u>
Percentage of shareholding	60%
Net assets value acquired	<u>23,062,279</u>
Goodwill	44,692,503
Payment by cash	<u>67,754,782</u>

The value of the goodwill is based on the business valuation report prepared by an independent financial advisor approved by SEC dated 22 October 2009. It is measured by discounted cash flow method under the assumptions described in the valuation report. Therefore, whether goodwill reflects the actual future economic benefit is depended upon the appropriateness of such projection report.

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. EQUIPMENT AND EQUIPMENT FOR LEASE12.1 EQUIPMENT

(Unit: Thousand Baht)

	CONSOLIDATED F/S					2009
	2008	Acquired subsidiary company	Increase	Decrease	Translation adjustment	
<b>Cost</b>						
Office equipment	15,165	1,425	357	(2)	(5)	16,940
Tools and equipments	11,511	-	618	(30)	-	12,099
Furniture and fixtures	13,275	483	29	-	(2)	13,785
Motor vehicles	21,955	2,792	-	(1,388)	(8)	23,351
Machineries	7,501	-	10,145	-	-	17,646
<b>Total</b>	<b>69,407</b>	<b>4,700</b>	<b>11,149</b>	<b>(1,420)</b>	<b>(15)</b>	<b>83,821</b>
<b>Accumulated depreciation</b>						
Office equipment	(10,851)	(1,133)	(2,333)	1	4	(14,312)
Tools and equipments	(6,246)	-	(1,578)	11	-	(7,813)
Furniture and fixtures	(4,574)	(255)	(2,465)	-	1	(7,293)
Motor vehicles	(10,850)	(628)	(3,787)	1,237	1	(14,027)
Machineries	(516)	-	(1,382)	-	-	(1,898)
<b>Total</b>	<b>(33,037)</b>	<b>(2,016)</b>	<b>(11,545)</b>	<b>1,249</b>	<b>6</b>	<b>(45,343)</b>
<b>Net book value</b>	<b>36,370</b>					<b>38,478</b>
Allowance for impairment of asset	(2,448)					(2,448)
<b>Equipment – net</b>	<b>33,922</b>					<b>36,030</b>
<b>Depreciation for the year</b>	<b>11,085</b>					<b>11,545</b>

As at 31 December 2009 and 2008, the cost, before deducting accumulated depreciation, which is fully depreciated but still in use is Baht 10.4 million and Baht 2.4 million in consolidated financial statements, respectively.



(Unit : Thousand Baht)

	SEPARATE F/S			
	2008	Increase	Decrease	2009
<b>Cost</b>				
Office equipment	13,479	279	(1)	13,757
Tools and equipments	11,511	617	(30)	12,098
Furniture and fixtures	12,669	-	-	12,669
Motor vehicles	21,955	-	(1,388)	20,567
Total	<u>59,614</u>	<u>896</u>	<u>(1,419)</u>	<u>59,091</u>
<b>Accumulated Depreciation</b>				
Office equipment	(10,054)	(1,832)	1	(11,885)
Tools and equipments	(6,246)	(1,578)	11	(7,813)
Furniture and fixtures	(4,503)	(2,334)	-	(6,837)
Motor vehicles	(10,850)	(3,711)	1,237	(13,324)
Total	<u>(31,653)</u>	<u>(9,455)</u>	<u>1,249</u>	<u>(39,859)</u>
<b>Net book value</b>	27,961			19,232
Allowance for impairment of asset	(2,448)			(2,448)
<b>Equipment – net</b>	<u>25,513</u>			<u>16,784</u>
<b>Depreciation for the year</b>	<u>10,071</u>			<u>9,455</u>

As at 31 December 2009 and 2008, the cost, before deducting accumulated depreciation, which is fully depreciated but still in use is Baht 8.9 million and Baht 2.4 million in Company separate financial statements, respectively.

## 12.2 EQUIPMENT FOR LEASE

(Unit : Thousand Baht)

	CONSOLIDATED F/S AND SEPARATE F/S			
	2008	Increase	Decrease	2009
Handheld computers and accessory equipment for lease				
Cost	22,477	666	-	23,143
Accumulated Depreciation	(17,547)	(4,360)	-	(21,907)
<b>Equipment for lease - net</b>	<u>4,930</u>			<u>1,236</u>
<b>Depreciation for the year</b>	<u>5,141</u>			<u>4,360</u>

13. COMPUTER SOFTWARE LICENSE FOR ACCOUNTING SYSTEM - NET

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Computer software license for accounting system	2,910,199	2,655,941	3,784,216	3,584,216
<u>Less Accumulated amortisation</u>	<u>(2,460,365)</u>	<u>(1,580,626)</u>	<u>(3,169,238)</u>	<u>(1,991,222)</u>
<b>Net book value</b>	<b>449,834</b>	<b>1,075,315</b>	<b>614,978</b>	<b>1,592,994</b>
<b>Amortisation for the year</b>	<b>879,739</b>	<b>870,265</b>	<b>1,178,016</b>	<b>1,194,739</b>

14. INTANGIBLE ASSET

During the year, the Company has developed software for sale. The software development is stated at costs which include costs incurred in the development.

15. LIABILITIES UNDER FINANCIAL LEASE AND HIRE PURCHASE AGREEMENTS

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Liabilities under hire purchase and financial lease agreements	11,062,026	7,418,839	4,106,033	7,418,839
Less : deferred interest	(889,111)	(874,214)	(387,357)	(874,214)
Net	<u>10,172,915</u>	<u>6,544,625</u>	<u>3,718,676</u>	<u>6,544,625</u>
Less : Current portion	(5,001,705)	(2,876,748)	(2,257,477)	(2,876,748)
Liabilities under hire purchase and financial lease agreements - net	<u>5,171,210</u>	<u>3,667,877</u>	<u>1,461,199</u>	<u>3,667,877</u>

The financial leases classified by the periods of agreements are as follows

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Due not later than one year	5,531,981	3,318,405	2,489,285	3,318,405
Due later than one year but not later than five years	5,530,045	4,100,434	1,616,748	4,100,434
Total	<u>11,062,026</u>	<u>7,418,839</u>	<u>4,106,033</u>	<u>7,418,839</u>
Less : Deferred Interest	(889,111)	(874,214)	(387,357)	(874,214)
Liabilities under financial lease – Net	<u>10,172,915</u>	<u>6,544,625</u>	<u>3,718,676</u>	<u>6,544,625</u>

The above financial leases are guaranteed by the Company's directors.

16. BANK OVERDRAFT AND SHORT – TERM LOAN FROM FINANCIAL INSTITUTION

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Bank overdraft	33,090,494	-	3,914,234	-
Promissory notes from financial institutions	351,203,060	-	-	-
Total	384,293,554	-	3,914,234	-

(Unit : Million Baht)

As at 31 December	CONSOLIDATED F/S			
	2009		2008	
Type of credit limit	Limit	Interest rate	Limit	Interest rate
Bank overdraft	22	2.25% – 7.55%	20	4.35% – 5.25%
Liabilities under trust receipt agreements, letters of credit, and others	176	2.25% – 7.55%	50	6.75% - 7.25%
Factoring of accounts receivable for governmental project	570	0.15% of sinking fund which allotted from 1.5% of collected amount	-	-
Forward exchange contract	79	-	70	-

(Unit : Million Baht)

As at 31 December	SEPARATE F/S			
	2009		2008	
Type of credit limit	Limit	Interest rate	Limit	Interest rate
Bank overdraft	10	2.25% – 7.55%	20	4.35% - 5.25%
Liabilities under trust receipt agreements, letters of credit, and others	30	2.25% – 7.55%	50	6.75% - 7.25%
Forward exchange contract	50	-	70	-

All credit facilities are collateralized by the pledge of the Company's fixed deposits and guaranteed by the Company's directors.

17. INCOME TAX

(Unit : Million Baht)

	For the years ended 31 December			
	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Net income before tax	36.60	17.75	7.02	24.41
<u>Add</u> Non-allowable expenses	8.61	6.35	8.38	6.35
Net loss from a subsidiary	5.82	5.28	-	-
<u>Less</u> Tax exempted income	(8.32)	(4.42)	(5.57)	(14.26)
BOI privilege income from a subsidiary company	(6.58)	(8.46)	-	-
Net taxable income	36.13	16.50	9.83	16.50
Income tax	8.54	3.30	1.97	3.30

The subsidiary company, Simat Soft Company Limited, obtained promotional privileges from the Board of Investment under the Investment Promotion Act, B.E. 2520 for enterprise software and digital content pursuant to investment promotion certificate No. 1992 (7) /2549 dated 11 October 2006. Such subsidiary is exempted from corporate income tax on profits from the promoted activity for a period of eight years commencing from the first date of commercial income.

18. EXPENSES BY NATURE

Significant expenses by nature are as follows :

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2009	2008	2009	2008
Changes in inventories	33,537,162	(4,772,540)	8,802,521	(4,295,707)
Purchase of goods	372,895,264	128,227,172	101,100,939	126,803,334
Salary and wages and other employee benefits	45,584,958	42,100,962	34,824,294	36,615,902
Depreciation and amortisation	16,785,143	17,096,915	14,994,124	16,407,381
Cost of warranty	7,649,365	6,831,983	7,649,365	6,831,983
Rental expense	4,866,377	3,855,027	3,471,216	3,002,235
Purchase of software	1,216,376	341,986	10,456,876	11,578,486
Other expenses	26,447,777	31,124,942	22,287,869	29,021,640
Total	508,982,422	224,806,447	203,587,204	225,965,254

19. SHARE CAPITAL

At the Extraordinary Shareholders' Meeting 1/2009 held on 12 November 2009, the shareholders passed a resolution to approve the increase in share registered from Baht 75,000,000 to Baht 78,700,000 by issuing

new shares of 3,700,000 shares at par value of Baht 1 each or equal to Baht 3,700,000 through a private placement to investor at the price of Baht 2.70 and it is expected that the subscription and payment will be finished within the mid of year 2010.

## 20. 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. The Company made additional appropriation for legal reserve of Baht 0.25 million and Baht 1.06 million during the years 2009 and 2008, respectively. The legal reserve is non - distributable for dividends.

## 21. PROVIDENT FUND

On 20 June 2006, the Company and subsidiary 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. The fund is contributed to by employees and the Company and its subsidiaries at the rate of 3 percent of employee salaries. The provident fund will be paid to the employees upon termination of employments in accordance with the rules of the fund. The fund is managed by TISCO Asset Management Company Limited.

During the years ended 31 December 2009 and 2008, the Company and subsidiary contributed a total of Baht 0.35 million and Baht 0.23 million, respectively.

## 22. COMMITMENTS

### 22.1 Bank guarantee

As at 31 December 2009, the Company had outstanding bank guarantee issued on behalf of the Company and for which it is contingently liable to its customers under the condition of sales agreement of Baht 3.19 million.

### 22.2 Operating lease commitments

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

	(Unit: Million Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
Due within one year	4.63	3.47
Due over one year but not over five years	1.54	1.16
Total	6.17	4.63

### 22.3 Catial commitment

As at 31 December 2009, the subsidiary has entered into purchase of building contract totalling Baht 40 million.

## 23. DIVIDEND

At the Annual General Shareholders' Meeting for the year 2009 held on 23 April 2009, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended 31 December 2008 for 75 million common shares at Baht 0.20 per shares, totalling Baht 15 million. However, the Company had already paid the interim dividend allotting from the operating result for the first six-month period of year 2008 at 0.10 Baht per share, amounted to Baht 7.5 million according to the resolution of Board of Directors' meeting no. 11/2008 on 9 September 2008. The Company, therefore, paid the remaining dividend allotting from the operating result for the last six-month period of year 2008 at 0.10 Baht per share, amounted to Baht 7.5 million within 22 May 2009.

At the subsidiary's Annual General Shareholders' Meeting (Simat Soft Co., Ltd.) for the year 2009 held on 30 April 2009, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended 31 December 2008 for 0.3 million common shares, at Baht 28.21 per shares, totalling Baht 8.46 million. However, the Company had already paid the interim dividend at 23.33 Baht per share, amounted to Baht 7 million according to the resolution of Board of Directors' meeting no. 3/2008 on 17 December 2008. The Company, therefore, paid the remaining dividend at 4.88 Baht per share, amounted to Baht 1.46 million within 31 May 2009.

At the Ordinary Shareholders' Meeting No. 1/2008 held on 29 April 2008, the shareholders passed a resolution to pay cash dividends from the net income for the year ended 31 December 2007 for 75 million common shares, at the rate of Baht 0.19 per shares, totalling Baht 14.25 million.

At the Board of Directors' Meeting No. 11/2008 held on 9 September 2008, the board passed a resolution to pay an interim cash dividends from the Company's net income for the six-month period ended 30 June 2008 for 75 million common shares, at the rate of Baht 0.10 per shares, totalling Baht 7.5 million.

## 24. DISCLOSURE OF FINANCIAL INSTRUMENTS

### Foreign Currency Risk

The Company has exposure to foreign currency risks relating primarily to accounts payable. The Company hedged its exchange risk mainly by forward exchange contracts.

As at 31 December 2009, the Company has forward exchange contracts to cover foreign currency risks for purchase of goods in the future totalling USD 460,000 with average exchange rate at 33.38 which are due in March 2010.

### 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 have exposure to interest rate risk concerning primarily with deposits with bank as follows :

(Unit : Million Baht)

## CONSOLIDATED F/S

	2009			
	Non – interest			Total
	Floating rate	Fixed rate	bearing	
<u>Financial assets/liabilities</u>				
Cash and cash equivalents	0.73	0.81	21.94	23.48
Restricted deposits with banks	-	70.64	-	70.64
Bank overdraft and short-term loan from financial institution	384.29	-	-	384.29

(Unit : Million Baht)

## CONSOLIDATED F/S

	2008			
	Non – interest			Total
	Floating rate	Fixed rate	bearing	
<u>Financial assets/liabilities</u>				
Cash and cash equivalents	3.06	37.66	24.41	65.13
Restricted deposits with banks	-	20.00	-	20.00

(Unit :Million Baht)

## SEPARATE F/S

	2009			
	Non – interest			Total
	Floating rate	Fixed rate	bearing	
<u>Financial assets/liabilities</u>				
Cash and cash equivalents	0.73	0.76	3.88	5.37
Restricted deposits with banks	-	11.00	-	11.00
Bank overdraft and short-term loan from financial institution	3.91	-	-	3.91

(Unit :Million Baht)

## SEPARATE F/S

	2008			
	Non – interest			Total
	Floating rate	Fixed rate	bearing	
<u>Financial assets/liabilities</u>				
Cash and cash equivalents	3.06	37.66	12.72	53.44
Restricted deposits with banks	-	20.00	-	20.00

Financial instruments with fixed interest rates as of 31 December 2009 and 2008, and the period of time from the balance sheet date to their maturity dates are as follows :

(Unit :Million Baht)

	CONSOLIDATED F/S					
	2009					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	Interest rate
<u>Financial assets/liabilities</u>						
Restricted deposits with banks	-	0.81	-	-	0.81	0.25% - 0.50%
Bank overdraft and short - term loan from bank	-	70.64	-	-	70.64	0.25% - 3.70%

(Unit :Million Baht)

	CONSOLIDATED F/S					
	2008					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	Interest rate
<u>Financial assets/liabilities</u>						
Restricted deposits with banks	-	37.66	-	-	37.66	2.75%
Bank overdraft and short - term loan from bank	-	20.00	-	-	20.00	2.35% - 3.25%

(Unit :Million Baht)

	SEPARATE F/S					
	2009					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	Interest rate
<u>Financial assets/liabilities</u>						
Restricted deposits with banks	-	0.76	-	-	0.76	0.25% - 0.50%
Bank overdraft and short - term loan from bank	-	11.00	-	-	11.00	0.25% - 0.50%

(Unit :Million Baht)

	SEPARATE F/S					
	2008					
	At call	1 - 6 months	7 - 12 months	Over 12 months	Total	Interest rate
<u>Financial assets/liabilities</u>						
Restricted deposits with banks	-	37.66	-	-	37.66	2.75%
Bank overdraft and short - term loan from bank	-	20.00	-	-	20.00	2.35% - 3.25%



Credit Risk

The Company provides credit term on 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.

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 the book value which is considered fair value because such liabilities will be matured in short term.

25. FINANCIAL INFORMATION BY SEGMENT

The Company segmental information is divided into the hardware and software sale, service and rental income as presented in the financial statements for the years ended 31 December 2009 and 2008 as follows :

(Unit : Thousand Baht)

	CONSOLIDATED F/S					
	2009					
	Sales of computer hardware and software	Services and maintenance income	Rental income	Total Domestic	Subsidiary' s business in Malaysia	Total
Revenues	176,863	45,626	3,659	226,148	317,037	543,185
Cost of sales and services	(135,324)	(20,132)	(1,665)	(157,121)	(282,823)	(439,944)
Gross profit	41,539	25,494	1,994	69,027	34,214	103,241
Gain on exchange rate				571	395	966
Other income				805	221	1,026
Selling and administrative expenses				(62,896)	(6,142)	(69,038)
Interest expense				(653)	(2,736)	(3,389)
Income tax				(1,967)	(6,573)	(8,540)
Share of profit of investments in associated companies				3,864	-	3,864
Net income				8,751	19,379	28,130
Total assets	230,263	14,327	2,205	246,795	746,588	993,383

(Unit : Thousand Baht)

## CONSOLIDATED F/S

	2008			
	Sales of computer hardware and software	Services and maintenance income	Rental income	Total
Revenues	191,528	44,744	4,136	240,408
Cost of sales and services	(136,313)	(19,438)	(1,799)	(157,550)
Gross profit	55,215	25,306	2,337	82,858
Gain on exchange rate				667
Other income				1,744
Selling and administrative expenses				(67,256)
Interest expense				(555)
Income tax				(3,301)
Share of profit of investments in associated companies				332
Net income				14,489
Total assets	186,525	28,358	7,092	221,975

(Unit : Thousand Baht)

## SEPARATE F/S

	2009			
	Sales of computer hardware and software	Services and maintenance income	Rental income	Total
Revenues	158,834	45,457	3,659	207,950
Cost of sales and services	(124,274)	(19,772)	(1,665)	(145,711)
Gross profit	34,560	25,685	1,994	62,239
Gain on exchange rate				456
Other income				2,698
Selling and administrative expenses				(57,877)
Interest expense				(496)
Income tax				(1,967)
Net income				5,053
Total assets	219,857	14,327	2,205	236,389

(Unit : Thousand Baht)

	SEPARATE F/S			Total
	2008			
	Sales of computer hardware and software	Services and maintenance income	Rental income	
Revenues	189,162	44,744	4,136	238,042
Cost of sales and services	(141,237)	(19,437)	(1,799)	(162,473)
Gross profit	47,925	25,307	2,337	75,569
Gain on exchange rate				618
Other income				1,790
Dividend income				10,483
Selling and administrative expenses				(63,491)
Interest expense				(556)
Income tax				(3,301)
Net income				21,112
Total assets	182,583	28,358	7,092	218,033

## 26. RECLASSIFICATION

Certain accounts in the balance sheet as at 31 December 2008 and the statement of income for the year ended 31 December 2008 have been reclassified to conform with financial statement for the year ended 31 December 2009.

The reclassifications have been made to comply with the classification according to pronouncement of the Department of Business Development for the determinations of items in the financial statements B.E. 2552 dated 30 January 2009.

## 27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 1 March 2010.

# APPENDIX

CORPORATE GOVERNANCE POLICY  
CODES OF CONDUCT

## WHAT WE CARE

RUNNING BUSINESS ETHICALLY

WE CONDUCT OUR BUSINESS  
WITH HONESTY AND INTEGRITY



## Corporate Governance Policy

### 1. General Policy

- The Board of Directors strongly believes that Corporate Governance is one of the important factors that help ensure the success of the company's business and will enable the company to grow constantly and sustainably. This policy on Corporate Governance has been adopted so that the company's directors, management and employees can use them as guidelines in running the company's business.
- This policy has been adopted in accordance with the Principle of Good Corporate Governance outlined by the Stock Exchange of Thailand in 2006. The Board of Directors will constantly review and improve the Corporate Governance Policy so that the policy will be updated and suitable to the changing environment.

### 2. 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.

#### 2.1 Basic Rights of Shareholders

- 2.1.1 Buy, sell or transfer of shares.
- 2.1.2 Share in profit of the company.
- 2.1.3 Obtain relevant and adequate information on the company in a timely manner and on a regular basis.
- 2.1.4 Participate and vote in the shareholders meetings on the following matters
  - Offer names, appoint or remove members of the Board.
  - Appoint the independent auditor.
  - Make decision on dividend payment.
  - Amendment to the company's Articles of Association and Memorandum of Associations.
  - Increase or decrease of capital.
  - Approval of extraordinary transactions.
  - Other matters that affect the company as outlined by laws.

#### 2.2 Shareholders' Meeting

- 2.2.1 Information and documents to be attached with the written notice calling for the shareholders' meeting:
  - Information relevant to the meeting.
  - The documents needed to show the officer for attending the meeting.
  - The opinions of the Board of Directors including explanation for each agenda.
  - The proxy form and how the proxy should be filled. The company should offer at least one name of the independent directors whom the shareholders can appoint them as their proxy.

- 2.2.2 As for the agenda for consideration (i.e. dividends payment, capital increase/decrease, etc.), following details must be informed:
- Important information relevant to the matter to be considered.
  - Reasons, necessity, positive and negative impact.
- 2.2.3 As for the agenda to appoint directors, the following information must be informed:
- Information of the nominee (i.e. name, position, age, education, profession, experience and directorship in other companies, etc.)
  - Holding of position in other companies that materially related.
  - Past performance during being the company's director (in case of reappointment to the board) i.e. number of attendance at the board's meeting, etc.
- 2.2.4 As for the agenda to consider director's compensation, the following details must be informed:
- Remuneration and other benefit received as the director.
- 2.2.5 As for the appointment of the company's auditor, the following details must be informed:
- Name and company of the auditor.
  - Compensation for the auditor together with relevant information.
  - Reasons to change the auditor (in case of new appointment)
- 2.2.6 Forward the written notice calling for the shareholders' meeting at least 14 days in advance.
- 2.2.7 On the day of shareholders' meeting, at least 2 hours is allowed for the registration before the meeting.
- 2.2.8 Date, time and venue of the meeting must be convenient to shareholders.
- 2.2.9 During the shareholders' meeting, appropriate time and equal opportunity must be allowed to shareholders to express opinions and raise questions.
- 2.2.10 Procedure of the voting in the Shareholders' meeting.
- Voting should be done in order and in accordance with the agenda.
  - Appropriate time and equal opportunity is allowed to shareholders to deliberate on each agenda before the voting.
  - Inform the voting and counting process to shareholders before the voting.
  - Provide convenience to every shareholder in the voting.
  - In case of appointing or removing the director, voting must be done for each person.
- 2.2.11 All the directors must attend the shareholders' meeting to listen to the opinions of shareholders and answer questions from shareholders.
- 2.2.12 The minutes of meeting must have the following details.
- Details of the meeting must be complete, i.e. name of directors who attended the meeting, details of answer to the question, opinions and other relevant information.
  - Disclose the minutes of meeting in the company website within 14 days after the meeting.
  - Forward the minutes of meeting to Stock Exchange of Thailand within 14 days after the meeting.

### 2.3 Communications with Shareholders and Management of Share Registration.

- 2.3.1 The company shall establish the Investor Relation Unit to communicate and coordinate with the shareholders, investors and the involved authorities.
- 2.3.2 The company shall establish the company's website so that the shareholders, investors, customers, analysts and other persons who interested in the company can access to the company's information more rapidly.
- 2.3.3 The company has appointed Thailand Securities Depository Co., Ltd. as its registrar so that the management of the company's shares will meet acceptable standard and is reliable.

### 3. Equitable Treatment of Shareholders

All shareholders, including those with management positions and the non-executive shareholders, no matter they are major shareholders or minority shareholders as well as the foreign shareholders will be treated equally and fairly. The company shall communicate with shareholders and disclose the company's information through the company's website as well as through other appropriate media so that every shareholder will receive the information equally.

#### 3.1 Shareholders' Meeting

- 3.1.1 Provide option to shareholders who are unable to attend the shareholders' meeting to appoint other persons as their proxy to attend and vote in the shareholders' meeting.
- 3.1.2 Establish procedure for minority shareholders to nominate candidates for director position.
- 3.1.3 Establish procedure for minority shareholders to propose any issue to be included in the agenda of the shareholders meeting or send questions in advance of the meeting. The proposed agenda must not fall into the following categories.
  - Matters that beyond the authority of the company
  - Matters that against the laws, announcements, rules and regulations of governmental authority or regulating authority or not in accordance with the company's objectives or Articles of Association or the resolutions of the Shareholders' meetings.
  - Matters that may cause significant problems to shareholders at large.
  - Matters that the company has already corrected.
  - Matters that are for the benefit of an individual or a particular group of persons.
  - Matters about the normal business operation of the company and the shareholders who proposed the agenda are unable to show that the matters are abnormal.
  - Matters that the Board of Directors considers that they are no need to be included in the agenda, and the Board must have valid reasons and are able to explain to the shareholders.
- 3.1.4 Provide option to shareholders to appoint company's directors on individual nominees.
- 3.1.5 The Board of Directors will not add any agenda items without notifying all shareholders in advance, especially the important issues that shareholders require time to study relevant information before making their decisions.

### 3.2 Prevention on Use of Inside Information for Abusive Self-dealing

- 3.2.1 All directors and management of the company must submit report on the change of ownership of the company's shares to the Stock Exchange Commission as required by laws.
- 3.2.2 All directors, management and employees involved in the inside information must not disclose such information to outside people or to people not involved in the information.
- 3.2.3 All directors, management and employees involved in the preparation of financial reports are not allowed to buy or sell the company's shares one month before the official announcement of the reports.

## 4. Role 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 set up a mechanism to promote cooperation between the company and its stakeholders to create wealth, financial stability and sustainability of the firm. The Board of Directors will not do anything in violation of stakeholders' legal rights. Stakeholders in corporate governance include, but are not limited to shareholders, employees, customers, suppliers, creditors, competitors, the community in the neighborhood of the company, society and independent auditors, etc.

### 4.1 Code of Conduct

The Codes of Conduct of the company has been adopted so that all directors, management and employees can use it as their guidelines in running the company's business. The Codes of Conduct of the company comprised of the followings:

- Introduction
- Policy and Guidelines on Conflict of Interests
- Policy and Guidelines Relative to Shareholders
- Policy and Guidelines Relative to Employees
- Policy and Guidelines Relative to Customers
- Policy and Guidelines Relative to Partners
- Policy and Guidelines Relative to Creditors
- Policy and Guidelines Relative to Competitors
- Policy and Guidelines Relative to Independent Auditors
- Policy and Responsibilities to Social and Environment
- Implementation and Enforcement

(see details of the company's Codes of Conduct)

### 4.2 Communication Channel for the Concerns from Stakeholders to the Board

In case that stakeholders found any violation of laws, the incorrectness of the financial reports, the insufficiency of the internal control system or the violation of the codes of conduct, they can communicate the concerns to the chairman of the Audit Committee or any member of the Audit Committee for investigation. If the investigation is valid, the Audit Committee must report the matters to the Board of Directors for action.



## 5. Disclosure and Transparency

The Board of Directors shall ensure that all important information relevant to the company, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently in accordance with the guidelines of the Stock Exchange Commission and the Stock Exchange of Thailand.

### 5.1 Information Disclosure

The company shall disclose information, including but not limited to the followings

Vision and mission statement of the company

- The company's financial status and operating performance.
- Explanation and analysis from management on the company's financial statements.
- Risk factors and risk management policy.
- Shareholding structure.
- Name of the company's directors and their biography including number of shares held by the directors.
- Remuneration of the company's directors and the meeting attendance of each director.
- Policy on corporate governance and the implementation of the policy.
- Report from the Board of Directors on its responsibilities for the financial reports together with the report from independent auditor.
- Roles and responsibilities of the Board of Directors and the Sub-committees.
- Codes of Conduct of the company.
- Connected transactions or transactions that may cause conflict of interest.

### 5.2 Information Disclosure Channel

The company shall disclose information through various appropriate channels so that shareholders, investors and other interested persons can have access to the information rapidly, conveniently and equally.

- The company's annual report that are sent to shareholders, related institutions and other institutions who is interested in the report.
- The annual disclosure form (form 56-1)
- The company's website.
- Other communication channels provided by the Stock Exchange of Thailand.
- The company will also organize meeting with analysts and investors on various occasions.

## 6. Internal Control and Risk Management.

The company realizes the importance of the internal control system and risk management system, the company has therefore appointed the Internal Auditor, report to the Audit Committee and the Chief Executive Officer, as a mechanism to reinforce the Internal control and internal audit system as well as to monitor the correction of the problems or flaws found during the audit in order to increase efficiency and reduce risk on the operation of business.

- 6.1 To adopt a Charter of the Internal Auditor so that all employees will have the comprehension of purposes, roles, responsibilities and authorities of the Internal Audit Department.

6.2 To adopt the internal control system covering the followings matters:

- The Internal control at management level, such as the authority of management to approve on various matters, etc.
- The Internal control relative to the operation within the company.
- The Internal control relative to the safeguard of the company's properties.
- The Internal control relative to the financial system of the company.
- Risk management on the company business operation.

6.3 Connected transactions or transactions that may cause conflict of interest must be properly and carefully reviewed by those who are not involved in the transactions and they must also be reviewed by the Audit Committee.

## 7. 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 of Thailand, the objectives and articles of association of the company as well as the resolutions of shareholders' meeting. The Board of Directors shall perform its duties in good faith, with due diligence and care, and for the best interest of the company and all shareholders.

### 7.1 The Board of Directors

#### 7.1.1 Structure of the Board

Board of Directors shall consist of chairman of the board and other directors, altogether not less than 5 members. At least half of the board members must have residence in Thailand.

- The Board of Directors must consist of at least 1/3 of the directors are independent directors
- At least half of the directors in the Board must be non-executive directors.
- Chairman of the Board and Chief Executive Officer must not be the same person.
- Chief Executive Officer must be a member of the Board.
- The Company Secretary is also the secretary of the Board of Directors and serves the Board of Directors in the areas of providing legal advice and other regulations that the Board of Directors must know.
- The vacating director 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 of Directors and approved by the Board.
- No director is allowed to be the partner or director of other companies which have similar business and operate the business in competition with the company except that the matters were informed to the shareholders' meeting before the person was appointed to the company's director.

- Every director should understand comprehensively the duties and responsibilities of the company director and the nature of business of the company as well as shall express their opinions independently. The director should also dedicate time and effort in carrying out the duties to reinforce the position of the Board of Directors.

#### 7.1.2 Roles, Duties and Responsibilities of the Board

- The Board of Directors has duties to carry out the company's business in compliance with the laws and regulations of Stock Exchange Commission and the Stock Exchange of Thailand, the objectives and articles of association of the company as well as the resolutions of shareholders' meeting.
- The Board of Directors has duties to consider and approve major matters relevant to the company's business, such as vision, mission statements, financial objectives, business risk, business plan and annual operating budget, including the oversight and control to ensure that the management has operated the business in accordance with the approved policy and business plan.
- The Board of Directors shall adopt the control system for the operation, the financial reports, the compliance to the laws, and regulations and policies. The Board of Directors shall set up the Audit Committee and the Corporate Governance and Nomination Committee to oversee the control systems and review them constantly.
- The Board of Directors shall establish the Corporate Governance Policy so that all directors, management and employees can use them as guidelines in operating the business, and follow up constantly to ensure that the policy has been complied.
- The Board of Directors shall establish the Codes of Conduct so that all directors, management and employees can use them as guidelines in operating the business, and follow up to ensure that the Codes of Conduct has been complied.
- The Board of Directors shall carefully review the connected transactions, or transactions that may cause conflict of interest. The connected parties are not allowed in the decision making process and the transactions shall be disclosed properly, correctly and accurately.
- The Board of Directors shall constantly review the risk management policy and update it accordingly.

#### 7.1.3 Definition and Qualification of Director

- Executive Director is an executive who is appointed as a member of the Board of Directors. The Executive Director must be knowledgeable and understand the business of the company and must not be a person who is prohibited to be company's director by laws, or regulations of the Stock Exchange commission or the Stock Exchange of Thailand.
- Non-executive Director is a director who has no position in the company's management team. The Non-executive Director must have skills, experience and expertise that are useful to the company, and must not be a person who is prohibited to be company's director by laws, or regulations of the Stock Exchange Commission or the Stock Exchange of Thailand.

- 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.
  1. Hold company shares of not more than 5% of the company's paid up capital, or of those of the company's subsidiaries, affiliates or associates, which included the shares of the connected person in accordance with article 258 of the law of the Stock Exchange Commission.
  2. Must not be the management, employees or advisors who receive regular compensation from the company, or personal advisors of the persons who control the company, the subsidiaries, the affiliates or the associates. They must not have benefits or interests mentioned above for a period of not less than 3 years.
  3. Must have no business relations with the company, such as the customers, suppliers, trade creditors, loan creditors or loan debtors, etc. They must also have no benefits or interests directly or indirectly with regard to financial and management of the company, the subsidiaries, the affiliates or the associates in such a way to make them less independent.
  4. Must not be relatives or other connected persons which may make them less independent with the management or major shareholders of the company, the subsidiaries, the affiliate or the associates, including persons who are representatives of the management or major shareholders.

#### 7.1.4 Board of Directors' Meeting.

Chairman of the Board of Directors shall determine the agendas of the board meetings, oversee that all Board members receive relevant documents in advance to provide them sufficient time to consider the documents, as well as allocate appropriate time and encourage Board members to express their opinions, including summarize the opinions or decisions from the meetings.

- The Board of Directors shall have regular meeting at least once a quarter by fixing the meeting date in advance so that all directors and management can schedule their time efficiently.
- Chairman of the board and chief executive officer shall consider the agendas of the meeting together to ensure that all vital issues are included in the agendas.
- Every director has the freedom to propose issues to be included in the agendas.
- Written notice calling for meeting together with relevant documents must be sent to directors at least 7 days in advance.
- Every director must attend the meeting (unless engaged in other important business)
- Chairman of the meeting shall provide equal opportunity and encourage every director to express opinions.

- The director who is connected materially with the issue being considered must leave the meeting during the consideration.
- Resolutions of the Board of Directors' meeting shall be made by majority votes. In case that there is any director disagrees with the resolutions, the disagreement must be recorded in writing in the minutes of meeting.
- The minutes of meeting must be correct, accurate and complete at an appropriate time, and must be kept properly.
- The non-executive directors must have a meeting among themselves at least once a year.
- The Company Secretary shall be secretary of the Board of Directors, and shall help the Board organizes the meeting agendas, prepare notice calling for the meeting, oversee the meeting, prepare minutes of the meeting, keep documents related with the meeting and provide counsel to the Board on legal matters and other related regulations.

#### 7.1.5 Director Selection and Remuneration

- The Board of Directors is responsible for the selection of qualified candidates for the company's directors and nominates them for approval in the shareholders' meeting.
- The company shall establish the procedure to allow minority shareholders to nominate suitable persons as candidates for the company's directors.
- The Board of Directors is responsible for the consideration of remunerations for the company's directors and the Chief Executive Officer by comparing the remunerations paid by other companies with similar nature of business and similar size. The remunerations should commensurate with the duties and responsibilities and should be in the level that can sufficiently attract and maintain qualified directors and management to stay with the company. The remunerations of directors must be approved by the shareholders in the shareholders' meeting, and the remuneration of the Chief Executive Officer will be determined and approved by the meeting of all the Non-executive Directors.

#### 7.1.6 Board Self Assessment

The Board of Directors should regularly conduct the board self assessment in order to consider the performance and problem of the Board and improve them accordingly by using the board self assessment form prepared by the Stock Exchange of Thailand.

#### 7.1.7 Development and Training of Board and Management

- The Board of Director shall encourage and facilitate training for company's directors and management regarding roles, duties and responsibilities of company's directors, principle of good corporate governance, codes of conduct, risk management, roles and responsibilities of company's secretary, roles and responsibilities of investor relation and other subjects that are useful to the company. The company shall send directors and management for training in the appropriate programs organized by the Thai Institute of Directors and other institutions.
- Whenever there are new directors or high ranking management, the company shall organize introduction program for the directors or management to enable them to understand the nature

of business of the company and the operating practices of the company as well as providing them with all documents and information useful to perform their duties.

- The Board of Directors shall encourage and follow up to ensure that the company has established development programs and succession plans so that the company's business will proceed continuously and efficiently.

## 7.2 Sub - Committees.

### 7.2.1 Executive Committee

Executive Board consists of Chief Executive Officer as the chairman and all the Executive Directors as the members of the Executive Committee. The Executive Committee shall perform its duties as assigned by the Board of Directors as follows

- Approve payment or become guarantor for the payment for the company's normal business transactions within the limit of not more than 50 million Baht.
- Appoint or remove officer of the company whose rank not higher than the Managing Director.
- Prepare and establish the policy and strategic direction of the company for the approval of Board of Directors.
- Establish the Organization Chart and the Management Structure of the company covering the selection, training, employment and termination of employees of the company.
- Establish business plan and management authorities, approve the annual operating budget and manage 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.
- Perform other duties assigned by Board of Directors.

In case that any Executive Director or its related parties have any interest in any transaction or matter directly affect the company, the Executive Director must not participate in the decision making process on such issues.

### 7.2.2 Audit Committee

Audit Committee is appointed by the Board of Directors. The Audit Committee shall consist of at least 3 Independent Directors who shall meet the independent and financial literacy requirements for serving on Audit Committee. At leaser one members of the committee shall have accounting or related financial management expertise as set forth in the applicable rules of the Stock Exchange of Thailand. The Audit Committee shall prepare a Charter of the Audit Committee to be approved by the Board of Directors for use as the operating guidelines and should cover the followings

- To verify that the Company has an accurate and adequate financial statements.
- 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.
- 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.

- 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.
- 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.
- 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.
- To conduct any other works as assigned by the Board of Directors with consent from the Audit Committee.

#### 7.2.3 Chief Executive Officer

The Chief Executive Officer is appointed by the Board of Directors and is the highest management of the company. The Chief Executive Officer shall manage the company to fulfill his duties in accordance with the business plan as assigned by the Board of Directors.

- Lead the Executive committee and control the management to grow the company and its wealth in accordance with the company's policy and strategic direction.
- Perform or manage the company business in accordance with the business plan and annual operating budget.
- Act on behalf of the company in managing the company business in accordance with the objectives, Articles of Association and policy of the company, as well as the resolutions of the shareholders' meeting, resolutions of the Board of Directors and resolutions of the Executive Board

The authorities of the Chief Executive Officer and the authorities delegated to other persons by the Chief Executive Officer shall not cover the authorization to approve the connected transactions or transactions that may have conflict of interest as outlined by the Stock Exchange of Thailand. The approvals of such transactions must be done by the Board of Directors and/or the shareholders' meeting resolution.

## Codes of Conduct

### Introduction

Simat Technologies Company Limited considers that it is utmost important for all directors and employees to understand and act in accordance with company's Codes of Conduct. The Board of Directors shall constantly review and update the Codes of Conduct so that it will compatible with future changing business environment.

Simat Technologies Public Company Limited is committed to do business in accordance with the laws and within the framework of the company's Codes of conduct. The company supports free trade principle and recognizes the important of society and environment conservation. This Codes of Conduct explains broadly the policies and procedures relative to persons connected with the company, as for the detailed procedures, all directors and employees must use their good judgment and consciousness for the benefit of the company and public at overall.

### Policy and Guidelines on Conflict of Interests

It is the policy of the company that all directors and employees to perform the duties transparently and shall not seek improper personal gain and perform the duties in accordance with the laws as well as relevant regulations.

1. Avoid connected transactions. In case that the transactions are necessary and they are for the benefit of the company, the transactions should be done as if they are done with outside persons, the director and employee involved in the transactions must not participate in the decision making process.
2. The connected transactions must be reviewed or considered by the Audit Committee. In case that any Audit Committee member involved in the transactions, that committee member must not participate in the decision making process.
3. Prohibition for use of information obtained whilst being the director or employee of the company for personal gain such as operate business related to the company or operate business in competition with the company etc.
4. Prohibition for use of inside information or provide the information to outside persons for buying or selling of the company's securities.

### Policy and Guidelines Relative to Shareholders

It is the policy of the company to operate business with transparency, uphold integrity and in compliance with the laws as well as within the framework of the company's Corporate Governance Policy. The company is committed to grow the business constantly and sustainably to build wealth and good return on investment to the shareholders. The company adheres to the equitable treatment of shareholders.

1. The company shall organize the shareholders' meeting at the venue, date and time that are convenient to shareholders.
2. The company shall send the notice calling for shareholders' meeting included with relevant documents to shareholders at least 14 days in advance so that shareholders shall have sufficient time to study the



information. Besides, the company shall post the information on the company's website before sending out the notice for the meeting.

3. The chairman of the meeting shall allocate appropriate time for discussion and encourage shareholders to express their opinions and ask questions related to the company's business.
4. The company shall prepare the minutes of shareholders' meeting that cover all the important issues and shall post the minutes of the meeting in the company's website within 14 days.
5. All directors should attend the shareholders' meeting to listen to shareholders' opinions and answer questions from shareholders.
6. The Board of Directors shall facilitate shareholders to propose, in advance of the meeting date, any issues for consideration in shareholders' meeting.
7. The Board of Directors shall not add any agenda items without notifying all shareholders in advance, especially the important issues that shareholders require time to study the information.
8. The Board of Directors shall facilitate shareholders for the nomination of director candidates. The shareholders who would like to propose the nomination should provide names and qualification of the candidates together with their consent and send them to the Board of Directors at least 3 months before the shareholders' meeting.
9. The Board of Directors should enclose the proxy form to shareholders together with the notice calling for shareholders' meeting so that the shareholders who are unable to attend the meeting can appoint a proxy to attend the meeting. The Board of Directors should provide an option to shareholders whereby they may appoint an independent director as their proxy.
10. The election of Director should utilize the process in which shareholders are able to vote on individual nominees.
11. Prohibition for all directors and employees for the use of inside information or provide the information to other persons for buying or selling of the company's securities.

#### **Policy and Guidelines 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 shall provide fair and suitable remunerations as well as sufficient welfares to employees that reflect the current circumstances.

1. Treat employees politely, observe the individual and human rights of the employees.
2. Oversee that the working environment are safe to the employees and their properties.
3. Establish Operating Manual so that employees can use them for guidelines.
4. Strictly comply to relevant laws and regulations.
5. Organize seminars regularly to provide education and develop working skill for employees.
6. Encourage employees to further their study in the areas that related to their works.
7. Provide fair and suitable remunerations as well as sufficient welfares to employees that reflect the current circumstances.
8. Appoint and transfer as well as reward and punish employees with fairness.
9. Encourage employees to express opinions and provide recommendations that are beneficial to the company.

10. Encourage employees to play sports and exercise regularly including provide appropriate sport equipment to employee.
11. Encourage employees to work as a team and provide sufficient conference rooms for the working team.

#### **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.

1. Provide good quality products or products that meet standards as offered to customers.
2. Deliver products to customers on time. In case that the company has problems and is unable to deliver the products as promised, it should inform the problem to customers in advance and immediately, to find way to solve the problem together.
3. Sell the products to customers with fair prices and avoid overcharging customers.
4. Provide integrated services to customers including to help solved customers' problems promptly with full willingness.
5. Provide correct, sufficient and on time information about products and services so that customers can make the right decision.
6. Provide correct recommendations for the use of products and services.
7. Offer reasonable warranty time for the company's products and services.
8. Establish mechanism that customers can send their complaints regarding the quality of products and services of the company.
9. Keep confidential information of customers and avoid abusing it.
10. Respect customers and communicate with them politely.

#### **Policy and Guidelines Relative to Partners**

It is the policy of the company to deal with partners fairly and equally under the basis of mutual benefit, exchange with them the true and correct information as well as strictly observe the agreement made with them.

1. Strictly observe conditions of the agreement made with partners. In case that there might be a problem on some conditions of the agreement, the company should inform the partners in advance and immediately, to find way to solve the problem together.
2. Provide true and correct information.

3. Provide supports and encourage partners to manufacture quality products that meet standards.
4. Provide supports and encourage partners to develop new products and new services in response to the changing requirement of customers.
5. Prohibition for all directors and employees to ask or to receive any improper benefit from partners.
6. Prohibition for all directors and employees to offer or to pay any improper benefit to partners.
7. Keep confidential information of partners, and avoid abusing it.

#### **Policy and Guidelines Relative to Creditors**

It is the policy of the company to deal with creditors fairly and equally, provide correct, true and on time information as well as observe all conditions of the agreement made with creditors.

1. Strictly observe all conditions of the agreement made with creditors. In case that there might be a problem on some conditions of the agreement, the company should inform the creditors in advance and immediately, to find way to solve the problem together.
2. Provide the true and correct financial status.

#### **Policy and Guidelines Relative to Competitors**

It is the policy of the company to treat competitors fairly by adhering to the generally accepted practices. Avoid abusing confidential information and infringing righteous rights of the competitors.

1. Observe the generally accepted practices with regard to competition.
2. Avoid abusing confidential information and infringing righteous rights of the competitors.
3. Avoid dishonest way to destroy competitors.

#### **Policy and Guidelines relative to Independent Auditors**

The company realizes the important 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 and accurate, and will therefore give full support to the Independent Auditors by providing them correct and accurate information, as well as providing them convenience during their auditing process.

1. Record the accounting and financial information properly, in order, accurately and correctly so that the Independent Auditors can audit them easily and conveniently.
2. Provide true, correct and accurate information.
3. Provide convenience to the Independent Auditors during their auditing process.

#### **Policy and Responsibilities to Social and Environment**

The company strongly believes that our business will grow constantly and sustainably only when the social at large 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 social 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 big amount of money at each time but rather do it on a constant basis and compatible with the company's resources as well as get every employee of the company

involved. The company also believes that good corporate social responsibility program should have interaction between the givers and the receivers so that the program can proceed smoothly and sustainably. The company will provide contributions to communities near the company and its facilities and the communities involved with the company's business, then gradually expand the contributions to other communities further away. As for the environment, not only the company will provide contributions in various forms to conserve and restore the environment.

1. Be a good corporate citizen, strictly observes the laws.
2. Provide education and give presentation on Information Technology to students and other people who are interested in this subject.
3. Exchange knowledge and experience on light Information Technology with educational institution or other institutions.
4. Provide appropriate supports to the activities that are beneficial to communities and social.
5. Provide appropriate assistance or contribution of money or other things to the underprivileged and victims of natural disasters.
6. Develop and improve the manufacturing and services process continuously to prevent environmental pollution or to reduce the environmental pollution to minimum and meet criteria set forth by related authorities.
7. Design products by using materials that will not create environmental pollution or using recyclable materials.
8. Support and encourage the conservation of energy and environment.
9. Support and encourage programs to use energy efficiently.
10. Support and encourage the conservation of culture and good tradition of communities.
11. The company upholds the democratic system with the king being the head of the country. The company encourages all directors and employees to exercise their voting rights in accordance with the constitution. However, the company has no policy to contribute money to politicians or political parties.

#### **Implementation and Enforcement**

- The company specifies that it is the duty and responsibility of all directors and employees to know, understand and act strictly in accordance with the policy and guidelines set forth in the codes of conduct of the company.
- Management at all levels have to oversee and responsible for their subordinates to ensure that their subordinates know, understand and strictly act in accordance with the codes of conduct. Severe punishment will be imposed on the directors and employees who act against the codes of conduct. However, the company assigns the Company Secretary to oversee the implementation and enforcement of the codes of conduct in general sothat shareholders, employees, customers, suppliers and subcontractors, creditors and other persons can send their complaints or suggestions to the company for consideration or action.