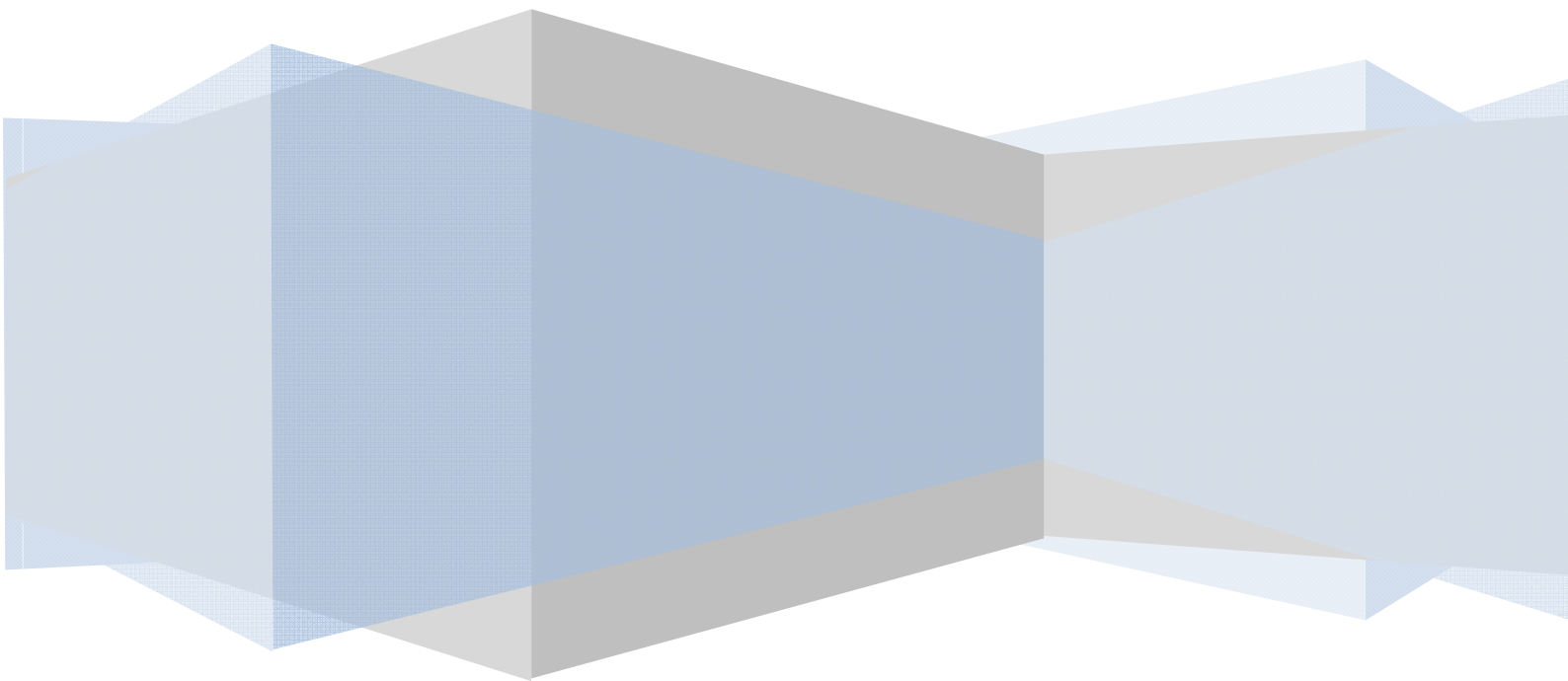


## Vision

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. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as public Company on 18 July 2006 Register no. 0107549000122 Listed in the Stock Exchange of Thailand (MAI) on 12 December 2007
Paid-up share capital	Baht 83,100,000 (83,100,000 common shares at par value of Baht 1 each) Share registered: 88,700,000 common shares
Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110
Auditor	Mr. Atipong Atipongsakul, CPA license no. 3500 or Mr. Sathien Vongsanan, CPA license no. 3495 or Mr. Vichai Ruchitanont, CPA license no. 4054 ANS Audit Co., Ltd. No. 100/31-32, 16 <sup>th</sup> floor, 100/2 Vongvanich Bldg. Tower B, Rama 9 road, Huaykwang, Bangkok 10310 Tel : (66) 0 2645 0109 Fax : (66) 0 2645 0110
Investor relation coordinator	Mr. Thammanoon Korkiatwanich 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. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 31 August 2006 Register no. 0105549104791
Paid-up share capital	Baht 3,000,000 (300,000 common shares at par value of Baht 10 each) Share registered: 300,000 shares
% of share holding by Company	100%

<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. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 9 April 2008 Register no. 0105551041025
Paid-up share capital	Baht 34,000,000 (3,400,000 common shares at par value of Baht 10 each) Share registered: 3,400,000 common shares
% of share holding by Company	86%

<b>Name</b>	<b>E-Tech Distribution Company Limited</b>
Nature of business	Sales of computer hardware and accessories
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 13 March 2009 Register no. 0105552026640
Paid-up share capital	Baht 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)

**Subsidiary companies**

<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 6,000,000 (6,000,000 common shares at par value of Ringgit 1 each) Share registered: 10,000,000 common shares
% of share holding by Company	60%

<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.

<b>Name</b>	<b>E-Tech IT Frontline Sdn, Bhd. (Malaysia)</b>
Nature of business	Sales of computer hardware and accessories
Office address	Third Floor, No. 79 (Room A), Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia โทรศัพท์ : (603) 78462338 โทรสาร : (603) 78466328
Registration date	Registered as Company limited in 2010 Register no. 908982-M
Paid-up share capital	Ringgit 100,000 (100,000 common shares at par value of Ringgit 1 each) Share registered: 100,000 shares
% of share holding by subsidiary company	60% by E-Tech IT Sdn., Bhd.

**Associate companies**

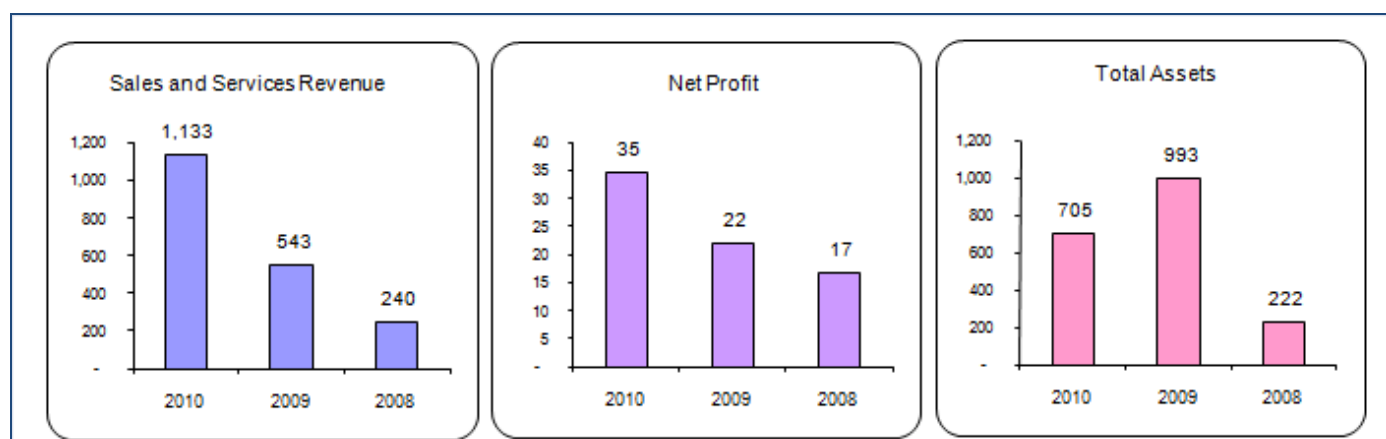
<b>Name</b>	<b>Sino Trading and Services Corporation</b>
Nature of business	Provides of hardware, software and maintenance services with total solution for Enterprise Data Collection and Collation System
Office address	No. 27, Dang Tat street, Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam Tel : +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	2010	2009	2008
Unit : Baht Million			
Revenues from sales and services	1,133.13	543.19	240.41
Gross profit	187.76	103.24	82.86
Net profit	34.67	21.97	16.59
Total assets	705.15	993.38	221.98
Shareholders' equity	255.90	196.17	159.48
Unit : Baht			
Par value	1.00	1.00	1.00
Earnings per share	0.43	0.29	0.22
Dividends per share	0.15*	0.05*	0.10
Total assets per share	8.49	13.24	2.96
Shareholders' equity per share	3.08	2.61	2.13
Financial ratio			
Net profit margin	3.06%	4.04%	6.90%
Gross profit margin	16.01%	19.01%	34.47%
Net profit / Total assets	4.92%	2.21%	7.47%
Net profit / Shareholders' equity	13.55%	11.20%	10.40%
Debt / Equity	175.57%	406.38%	39.19%

\* Propose to Annual General Shareholders' Meeting 2011 to approve the dividend payment from the operating result of 2010.





### Report from Board of Directors

In 2010, Thai economy grew approximately 8% by overall from the export and services and the domestic demand was continuously improved. From such economic recovery, the Company's net profit increased from year 2009 approximately Baht 13 million or 58% and the net profit of 2010 came from the operating result in Thailand, Vietnam and Malaysia approximately 87%, 11% and 2%, respectively.

The operating result in Malaysia was far below the expected target due to the delay of payment from customers under the governmental project which impact the subsidiary's working capital. However, this situation has been improved so much in the third quarter of year 2010 and expected to continuously improve in year 2011.

The Company expects that the IT market in 2011 will grow approximately 16% due to the domestic and foreign economy has improved, the domestic political factor does not create any violence as it was in prior years and the private sector still continuously invests in the new technology for cost reduction in the long-run which will keep the hardware market continue to grow. For IT services, there is a growing trend that the consumer will increasingly use the IT services including the transform of buying high-investment software to operating leases.

For the year 2011, the Company expects that revenue and net profit will grow up well according to the good economic recovery and the IT market trend. The Company and its employees will dedicate to work hard to achieve the target net profit and for the highest benefit of shareholders and stakeholders.

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(Mr. Tan Bak Hong)

Chairman

A handwritten signature in black ink, consisting of a large, stylized initial 'T' followed by a horizontal line.

(Mr. Thongkam Manasilapapan)

Chief Executive Officer



## Board of Directors



Mr. Tan Bak Hong

Chairman

Percentage of Shareholding: 33.17% indirectly through Grand-flo Solution Berhad

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

Specialized experience: expert in EDCCS Technologies

Relationship among management: Brother of Mr. Tan Bak Leng

Participation in Board of Directors' meeting in year 2010: 6/12 times

## Education:

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

## Work experience:

Period	Title	Name of / Company
2004 – present	Chairman	Simat Technologies PCL.
2004 – present	Director	Grand-Flo System Pte.,Ltd.
2003 – present	Managing Director	Grand-Flo 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
2010 – present	Director	E-Tech IT Solution Pte., Ltd.



Mr. Thongkam Manasilapapan

Deputy Chairman

Percentage of Shareholding: 28.73%

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 2010: 12/12 times

## Education:

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

## Work experience:

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



Mr. Tan Bak Leng

Director

Percentage of Shareholding: 0%

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

Specialized experience: expert in EDCCS Technologies

Relationship among management: Brother of Mr. Tan Bak Hong

Participation in Board of Directors' meeting in year 2010: 5/12 times

## Education:

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

## Work experience:

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



Mr. Tan Chuan Hock

Director

Percentage of Shareholding: 0%

Specialized experience: expert in finance and business acquisition

Relationship among management: None

Participation in Board of Directors' meeting in year 2010: 5/12 times

## Education:

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

## Work experience:

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



Mr. Nguyen Quyet Thang

Director

Percentage of Shareholding: 0%

Specialized experience: expert in EDCCS Technologies

Relationship among management: None

Participation in Board of Directors' meeting in year 2010: 4/12 times

## Education:

- Bachelor of Computer Science, University of Technologies Ho Chi Minh City

## 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. Thammanoon Korkiatwanich

Director

Percentage of Shareholding: 0%

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

Specialized experience: expert in accounting, finance and financial audit

Relationship among management: None

Participation in Board of Directors' meeting in year 2010: 9/10 times

Education:

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

Work experience:

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



Mr. Ling Chee Kiat

Director

Percentage of Shareholding: 0%

Specialized experience: expert in distributor business of hardware equipments and accessories

Relationship among management: None

Participation in Board of Directors' meeting in year 2010: 3/10 times

Education:

- NCC Diploma

Work experience:

Period	Title	Name of / Company
1997 – present	CEO	E-Tech IT Sdn., Bhd.
2006 - present	Director	E-Tech IT Solution Pte., Ltd.
2010 – present	Director	E-Tech IT Frontline Sdn., Bhd.
1992 - 1997	Sales Manager	Denet Corporation



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 2010: 12/12 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.
2010 – present	Director	Techbond (Thailand) Co., Ltd.

**Nature of relationship**

Number of Company's share holding: None

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

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

**Act as a Director/Others at present**

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



Ranchana Rajatanavin, Ph.D.

Independent Director / Chairman of Audit Committee

Percentage of Shareholding: 0%

Specialized experience: expert in finance and banking

Relationship among management: None

Participation in Board of Directors' meeting in year 2010: 11/12 times

Participation in Audit Committees' meeting in year 2010: 7/7 times

**Education:**

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

**Work experience:**

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

**Nature of relationship**

Number of Company's share holding: None

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

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

**Act as a Director/Others at present**

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



Mr. Narongrit Rerkpattanapipat

Independent Director / Audit Committee

Percentage of Shareholding: 0%

Specialized experience: expert in financial audit and accounting standards

Relationship among management: None

Participation in Board of Directors' meeting in year 2010: 11/12 times

Participation in Audit Committees' meeting in year 2010: 7/7 times

**Education:**

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

**Work experience:**

Period	Title	Name of / Company
2008 – present	Audit Committee	Simat Technologies PCL.
2005 – present	Senior Audit Manager	PriceWaterHouseCoopers ABAS Limited
1999 - 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited

**Nature of relationship**

Number of Company's share holding: None

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

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

***Act as a Director/Others at present***

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



Ms. Kanwara Aurlpokayakul

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 2010: 11/12 times

Participation in Audit Committees' meeting in year 2010: 7/7 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.
2010 - present	Manager	Kasikorn Bank – Sukhumvit 18 Branch
2009 - 2010	Manager	Kasikorn Bank – Sukhumvit 15 Branch
1991 – 2008	Assistant Manager	Kasikorn Bank – Sukhumvit 15 Branch

Nature of relationship

Number of Company's share holding: None

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


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

*Act as a Director/Others at present*

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



## Executive committee

	<p>Mr. Thongkam Manasilapapan</p> <p>Chief Executive Officer</p> <p>Percentage of Shareholding: 28.73%</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	Deputy Chairman / CEO	Simat Technologies PCL.
2006 – present	Director	Simat Soft Co., Ltd.
2005 – present	Director	Grand-Flo Solution Berhad
1995 – present	Director	S. Siri Transport Co., Ltd.
2008 – present	Director	Simat Label Co., Ltd.
2008 – present	Director	Sino and High Rich Trading & Service Corp.
2009 – present	Director	E-Tech IT Sdn., Bhd.
2009 – present	Director	E-Tech Distribution



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

Education:

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

Work experience:

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



Ms. Narisara Prasertsang

Executive Operation Director

Percentage of Shareholding: 2.41%

Specialized experience: expert in EDCCS Technologies


Relationship among management: None

Education:

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

Work experience:

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

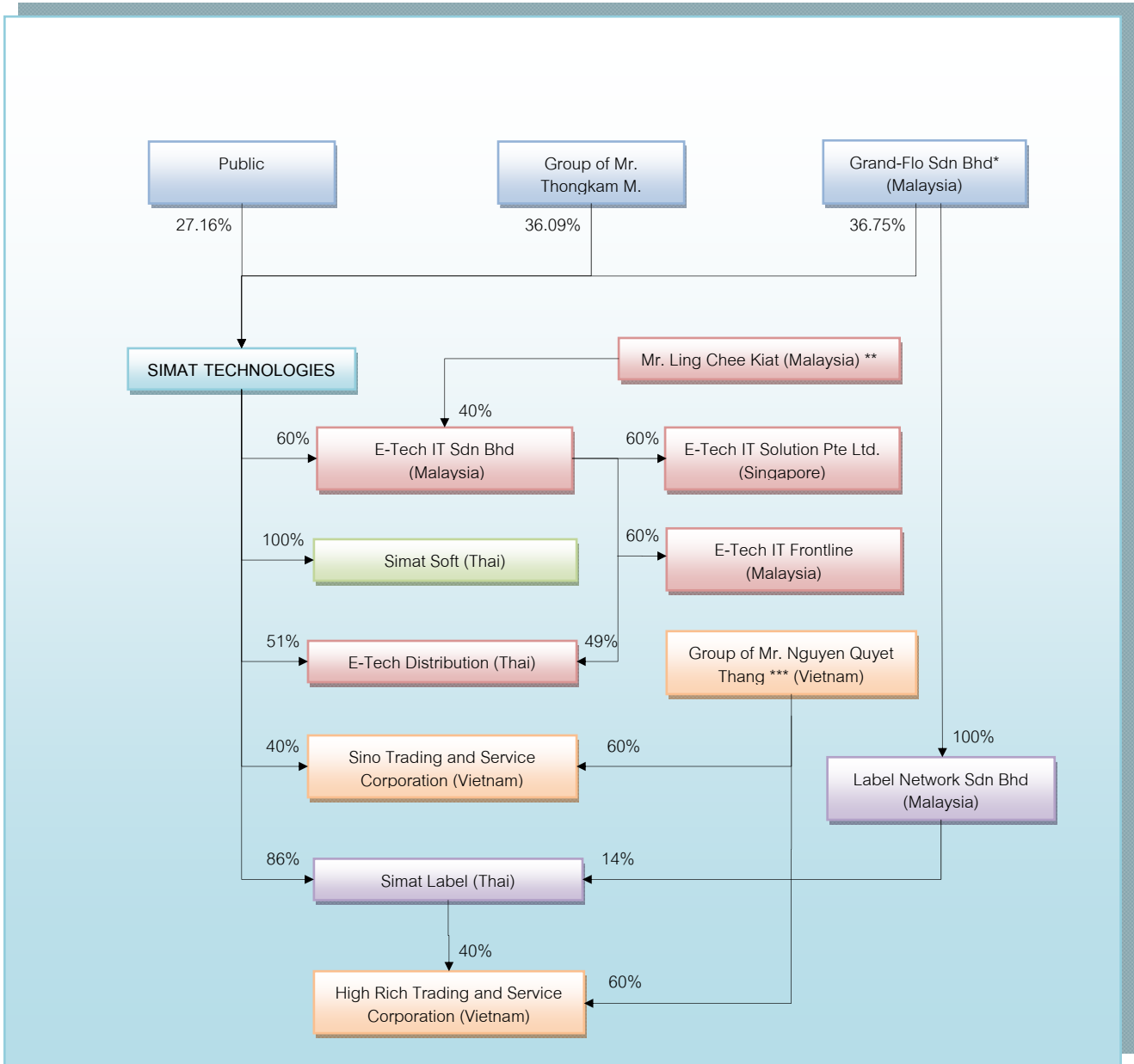
	<p>Mr. Kokiatt Kitkaona</p> <p>Technical Sale Support Director</p> <p>Percentage of Shareholding: 0%</p> <p>Specialized experience: expert in EDCCS Technologies</p> <p>Relationship among management: None</p>	
	<p>Education:</p> <ul style="list-style-type: none"> <li>- Bachelor of Science in Computer Science, Kasetsart University</li> <li>- Master of Science (Information Technologies), King Mongkut's Institute of Technology Ladkrabang</li> </ul>	
<p>Work experience:</p>		
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 Frontline	E-Tech IT Solution PTE	Sino Trading and Services	High Rich Trading and Services	Grand-Flo Solution Bhd	Grand-Flo System Pte	Grand-Flo Electronic System Pte	Grand-Flo Spritvest	Data Centrix	Grand-Flo RFID	Label Network group companies	CL Solution group companies	S. Sini 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. Ling Chee Kiat	/				/#	/#	/#											
Mr. Thammanoon Korkiatwanich	/#	/	/	/														
Ms. Narisara Prasertsunk	#	/	/															
Mr. Kokiati Kitkaona	#																	

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

Shareholding Structure of Company and subsidiaries

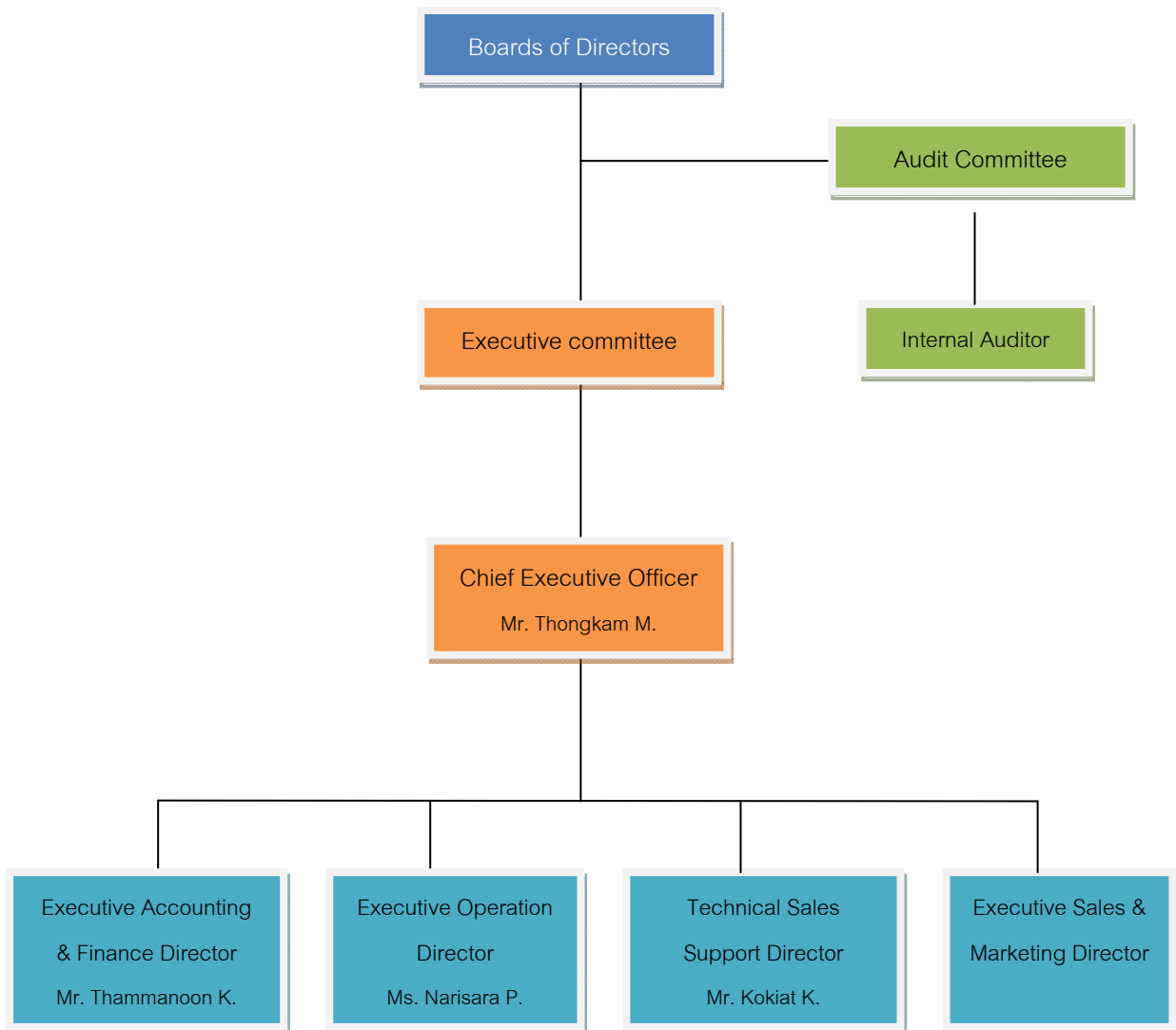


\* Mr. Tan Bak Hong (Chairman) indirectly holds 33.17% through Grand-flo Solution Berhad

\*\* Mr. Ling Chee Kiat (Director) holds 40% of total share of E-Tech IT Sdn Bhd (subsidiary)

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

Organization Chart



- Accounting & Finance
- Admin & Human Resource
- Warehouse
- Sales Coordinate

- Procurement
- Customer Relation
- Customer Service
- Maintenance Service

- Technical Sales Support
- Information Technology
- Programmer

- Sales & Marketing

### Major Shareholders and Dividend Policy

Top ten of shareholders and the amount of shares on the closing registration date as of March 14, 2011.

Rank	Shareholders	No. of shares	%
1	The Grand-flo Solution Bhd	27,562,500	33.17
2	Mr. Thongkam Manasilapapan	23,873,560	28.73
3	Mr. Nattaphat Rungsan	2,800,000	3.37
4	Ms. Uraivan Sae-Lee	2,190,450	2.64
5	Thai NVDR Co., Ltd.	2,142,510	2.58
6	Ms. Narisara Prasertsunk	2,000,000	2.41
7	Mr. Chaiyon Aurwattana	1,950,000	2.35
8	Mr. Surapun Pattanapitoon	1,112,500	1.34
9	Mr. Kumjorn Arunwilairat	1,090,500	1.31
10	Mr. Surapun Pattanapitoon By One Asset Management Ltd.	1,000,000	1.20
	Other shareholders	17,377,980	20.91
	<b>Total</b>	<b>83,100,000</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.

In 2010, the Company established E-Tech IT Frontline Sdn., Bhd. ("Subsidiary") in which a subsidiary, E-Tech IT Sdn., Bhd., holds 60% of its shares. This subsidiary engages in business as the distributor of computer hardware for Auto Identification and Point of Sales system in order to expand business in other product lines in Malaysia.

## Revenue Structure



Thailand	Hardware & software sales	Maintenance services	Rental of equipment	Label business	Total
Unit: '000 Baht					
2010	276,333	56,049	2,752	24,958	360,092
2009	158,307	45,626	3,659	18,556	226,148
2008	189,649	44,744	4,136	*1,879	240,408

\* 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					
2010	69,398	8,956	78,354	40	3,775
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	% of shareholding
Unit: '000 Baht		
2010	833,371	60
2009	***1,306,272	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 2009 – 2010 and the forecast of 2011

IT Market	Value (Million Baht)			Market Proportion (%)			Growth (%)	
	2009	2010	2011F	2009	2010	2011F	09/10	10/11
Hardware	80,869	91,596	100,511	37	36	34	13	10
Software	64,365	72,400	84,233	29	29	29	13	16
Service	48,372	60,390	75,560	21	24	26	25	25
Network equipment	27,546	29,281	32,935	13	11	11	6	13
<b>Total</b>	<b>221,152</b>	<b>253,667</b>	<b>293,239</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>15</b>	<b>16</b>

Source: National Science and Technology Development Agent (NSTDA)

Remark: Information exclude the Data Communication Equipment Market

During the first half-year of 2010, Thai economy has been recovered from the recession which results from the economic recovery of Thailand's major trading countries and Thai government increased the investment to support the economy and the private sector also increases the investment in the new technologies for cost reduction in the long-run. These are the good factors for the overall IT market. In year 2010, the total Thailand IT market value is approximately Baht 253,667 million or increase about 15% from year 2009. The hardware market is still the main market or 36% and the next markets as in size are software, IT services and network equipments or 29%, 24% and 11%, respectively. The proportion of hardware and software market is slowly and continuously shrinking which go along with the world IT trend today as IT services will increasingly take a major role in the economic system especially the services in System Integration and Network services which comprises of more than 60% of the total IT service market.

In 2011, the IT market is expected to grow approximately 16% and the market value is Baht 293,239 million due to the domestic and foreign economy has improved, the domestic political factor does not create any

violence as it was in prior years and the private sector still continuously invests in the new technologies for cost reduction in the long-run which will keep the hardware market continue to grow. For IT services, there is a growing trend that the consumer will increasingly use the IT services including the transform of buying high-investment software to operating leases.

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. 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 business partner. 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. 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 supplier 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. All 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 2011 and the market value will be USD 5.2 billion which will increase from year 2010 (USD 4.5 billion) due to the economic recovery. The IT service market will have a high chance to grow very well as the Malaysia government focus to be a IT hub of this region. 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. The supporting factors are as below:

- Hardware market: Malaysia government has the policy to supports the increase of broadband penetration rate. At the end of year 2010, the government distributed network and broadband equipments to students over 100,000 units under the National Broadband Policy. In addition, the government also supports the broadband investment by tax exemption for import and income tax for broadband equipments.
- 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.

(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 is expected to grow approximately 12% during 2011 – 2015 and the market value will be approximately USD 3.3 billion within 2014 due to the growth in the usage of personal computers, the growth in economy and the government investment in IT. The Vietnam government has a plan to invest in IT about USD 8.5 billion within 10 years and expects to attract the private sector to invest about USD 5 billion within 2015.

## 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, Motorola Technologies Inc. ("Motorola") 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 Motorola's products. The Company however, chose to purchase Motorola's products by taking into account products' quality, durability, appearance of products, and usage specification that matched its customers' needs. Besides, Motorola is a major manufacturer of mobile or hand-held computer in the United States which distributed under "Motorola" trademark and has a worldwide customer base. Currently, Motorola is an affiliated company and one of the three principal businesses of Motorola Inc. Accordingly, the Company anticipates that Motorola will continue with the manufacturing of their products. The Company was appointed by Motorola 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 Motorola and began to continuously purchase since 2005. Therefore, the Company believes that Motorola 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

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

- (1) The volatility of income

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

- (2) The long outstanding trade receivables

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

- 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 2010, 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 2010**

By Thai Institute of Director (IOD)

Evaluation topic	Score	
	Simat Technologies	Overall Listed Companies
Shareholder's right	93%	91%
Equally treatment to shareholders	88%	84%
Stakeholder's right	93%	74%
Disclosure and transparency	93%	88%
Board of director's responsibility	71%	63%
Average score	87%	80%

In 2010, the Company was evaluated the corporate governance by IOD and the evaluation result was 87% which is higher than the average score of total listed companies.

In 2010, the Company implemented the followings:

- Organized the 2010 annual shareholders' meeting at the room no. 1101, 11<sup>th</sup> Floor, Stock Exchange of Thailand Building, no. 62, Rachadapisek Road, Klongtuey, Bangkok.
- Sent a letter to the stock Exchange of Thailand on November 23, 2009 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, 2010. 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 8 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 2010, 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 Nakornnayok province during May 2010 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 2010 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 2010, the Company's activities related to society are as follows:

- On September 16, 2010, the Company donated cash Baht 79,000 for "Tesco for Thai" foundation.
- On December 15, 2010, the Company donated cash Baht 25,000 for education support to "Baan Huay Pak" school in Rachaburi province.

### 4. Disclosure and Transparency.

The Company has a policy to pay attention to the disclosure and transparency with regard to the corporate governance. In 2010, 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

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- The Board of Directors had selected the Independent Auditors who are independent and have no conflict of interests with the Company and the auditors have been approved by S.E.C. The Company has appointed the auditors from ANS Audit Co., Ltd. As the Company's auditor for the year 2010 (who is the Company's new auditor) as recommended by the Audit committee as follows:  
Mr. Atipong Atipongsakul, CPA license no. 3500 or  
Mr. Sathien Vongsanan, CPA license no. 3495 or  
Mr. Vichai Ruchitanont, CPA license no. 4054  
The audit fee for year 2010 is 1,080,000 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 2010, 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 2010, 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 2010, 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 11 persons: 2 directors who are Executive committee, 4 Independent directors and 5 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 2010, the Board of Directors had 12 meetings and each meeting took approximately 3 hours and the attendance of the Board of Directors is as follows:

Name	Total Meeting	Attendance
1. Mr. Tan Bak Hong (Chairman)	12	6
2. Mr. Thongkam Manasilapapan (Director/Chairman of Executive committee)	12	12
3. Mr. Thammanoon Korkiatwanich (Director/Executive committee)	10	9
4. Mr. Tan Bak Leng (Director)	12	5
5. Mr. Tan Chuan Hock (Director)	12	5
6. Mr. Nguyen Quyet Thang (Director)	12	4
7. Mr. Ling Chee Kiat (Director)	10	3
8. Mr. Worachi Charoenprasittiporn (Independent Director)	12	12
9. Dr. Ranchana Rajatanavin (Independent Director / Chairman of Audit Committee)	12	11
10. Mr. Narongrit Rerkpattanapipat (Independent Director / Audit Committee Member)	12	11
11. Ms. Kanwara Aурpokaiyakul (Independent Director / Audit Committee Member)	12	11

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 2010 in the form of gratuity and meeting Allowance as follows.

Chairman of the Board (1 person)	240,000 Baht
Directors who are management of the Company (2 persons)	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)	75,000 Baht
Chairman of audit committee (1 person)	90,000 Baht
Audit committee member (2 persons)	75,000 Baht

Total money paid to the Board for year 2010 is 720,000 baht (Year 2009: 756,000 baht).

In year 2010, the Company paid out remunerations to management 5 persons total 10.61 million baht. (Year 2009: 8.42 million 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 2010, Directors and management had regularly participated in various training programs and seminars, such as Executive Accounting and Finance Director attended the training program on Accounting Standards and Practices organized by the Federation of Accounting profession. Company Secretary and the Investor Relations Coordinator attended various training programs organized by the Investor Relations Association and the Stock Exchange of Thailand. The Chief Executive Officer and Managing Director had attended the training program on Sales Conference with Partners and Related Companies in foreign countries.

#### 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	Chief Executive Officer
Mr. Thammanoon Korkiatwanich	Executive Accounting and Finance Director
Ms. Narisara Prasertsunk	Executive Operation Director
Mr. Kokiatt 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 2010, the Audit Committee had 7 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						
	1/2010	2/2010	3/2010	4/2010	5/2010	6/2010	7/2010
	Mar 1	Mar 11	Apr 16	May 14	Aug 13	Sep 2	Nov 12
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 ANS Audit Co., Ltd. The report of the independent auditor is included in the annual report.

The Board of Directors has the opinion that the Company's overall internal control system is satisfactory and can be assured that the financial reports of Simat Technologies Public Company Limited and its subsidiaries for the year ended December 31, 2010 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 2010, the Audit Committee of the Company has opinions regarding to the following matters:

**The Accuracy and Reliability of Financial Reports**

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

**The Adequacy of Internal Control System**

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

**The Compliance with Laws and Relevant regulations**

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

**The Appropriateness of Auditor**

The Committee considered the independence and appropriateness of auditor and their remuneration and has the resolution to propose to appoint Mr. 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 2011 and to propose this appointment for approval to the Board of Director and the Annual General Shareholders' Meeting for year 2011.

**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 2010 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 2010, there are 7 meetings and the meeting of Audit Committee no. 7/2010 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						
	1/2010 Mar 1	2/2010 Mar 11	3/2010 Apr 16	4/2010 May 14	5/2010 Aug 13	6/2010 Sep 2	7/2010 Nov 12
Dr. Ranchana Rajatanavin	✓	✓	✓	✓	✓	✓	✓
Mr. Naronrit Rerkpattanapipat	✓	✓	✓	✓	✓	✓	✓
Ms. Kanwara Aurlpokaiyakul	✓	✓	✓	✓	✓	✓	✓

**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 2010 and 2009

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2010	2009	31 Dec 2010	31 Dec 2009	
Grand-Flo Electronic System Sdn. Bhd.	A subsidiary of Grand-Flo Solution Berhad (100% holding)	Sales of Hardware (A/R-trade)	1,076,112	355,806	235,120	89,696	Goods that a subsidiary company in Malaysia sold to Grand-flo are the hardware products which sells under normal business condition
		Purchase of hardware (A/P-trade)	1,098,110	377,964	986,996	828,384	Goods that a subsidiary company in Malaysia purchased from Grand-flo are the hardware products to be sold to customer which purchases under normal business condition
		Other expenses (A/P-others)	-	306,296	59,932	188,432	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)	Sales of Hardware (A/R-trade)	847,493	-	285,746	-	Goods that a subsidiary company in Malaysia sold to Grand-flo are the hardware products which sells under normal business condition
		Purchase of Hardware (A/P-Trade)	4,012,316	540,540	1,682,232	29,145	Goods that a subsidiary company in Malaysia purchased from Grand-flo are the hardware products to be sold to customer which purchases under normal business condition

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2010	2009	31 Dec 2010	31 Dec 2009	
Sino Trading and Services Corporation	An associate of the Company (40% holding)	Purchase of Hardware	-	639,445	-	-	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.
		Consulting fee (Other A/R)	-	-	208,809	-	It was the expenses to be reimbursed as the Company's consultant provided the marketing services in Vietnam and the Company charges this expense equal to the actual payment. Audit committees' comment is that these purchases deemed reasonable.
		Dividend income (Dividend receivable)	4,057,204	-	1,633,663	-	Dividend for the operating result of year 2009 received from associated company in 2010.
Label Network Sdn, Bhd.	A subsidiary of Grand-Flo Solution Berhad (100% holding)	Other expenses (A/P-others)	66,214	143,203	568,942	586,763	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.
Kopacklabels Press Sdn., Bhd.	A subsidiary of Label Network (100% holding)	Purchase of supplies	-	311,474	79,679	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
			2010	2009	31 Dec 2010	31 Dec 2009	
Grand-Flo Solution Berhad	A major shareholder of the Company (33.17% holding)	Software development cost sharing (Intangible asset)	1,313,249	1,523,229	358,013	435,691	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.
		Other expenses (A/P-others)	162,693	329,568	-	74,614	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.
		Sales of Hardware	90,733	-	-	-	Goods that a subsidiary company in Malaysia sold to Grand-flo are the hardware products which sells under normal business condition
		Purchase of Hardware	10,256	-	-	-	Goods that a subsidiary company in Malaysia purchased from Grand-flo are the hardware products to be sold to customer which purchases under normal business condition
Grand-Flo Engineering Supply & Services SB	Director (Mr. Tan Bak Hong) is the major shareholder	Sales of Hardware	29,633	-	-	-	Goods that a subsidiary company in Malaysia sold to Grand-flo are the hardware products which sells under normal business condition
CL Solutions Ltd.	A subsidiary of Grand-flo solution (100% holding)	Purchase of Hardware	238,128	-	-	-	Goods that a subsidiary company in Malaysia purchased from CL Solution are the hardware products to be sold to customer which purchases under normal business condition.

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2010	2009	31 Dec 2010	31 Dec 2009	
High Rich Trading and Services Corporation	An associate of the Company (40% indirectly holding through a subsidiary)	Loan to associate company	-	-	1,710,359	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 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>
		Int. income (other A/R)	107,330	9,970	117,300	9,970	Interest income incurred from loan to High Rich at interest rate 6% per annum.



Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2010	2009	31 Dec 2010	31 Dec 2009	
Zeal System Sdn., Bhd.	Mr. Chong Eng Yeau Director of subsidiary (E-Tech IT Solution) is a director of Zeal System	Sales of Hardware (A/R – Trade)	1,764,097	-	1,179,016	-	Goods that a subsidiary company in Malaysia sold to Zeal System are the hardware products which sells under normal business condition
		Purchase of Hardware (A/P – Trade)	4,665,365	-	2,213,610	-	Goods that a subsidiary company in Malaysia purchased from Zeal System are the hardware products to be sold to customer which purchases under normal business condition
Mr. Ling Chee Kiat	Director and shareholder of E-Tech IT (subsidiary)	Guarantee and loan from director with no interest charge	-	-	30,133,210	18,646,738	A subsidiary company in Malaysia received guarantee cash amounting Baht 28.95 million and Baht 18.65 million in year 2010 and 2009, respectively to guarantee the long outstanding debtor balance and the remaining is the loan from director with no interest charge. The major transaction is the guarantee money from the minority shareholder, Mr. Ling Chee Kiat, that uses this money to guarantee for the long outstanding debtor balance which incurs before the Company acquired this subsidiary. Audit committees' comment is that this transaction deemed reasonable since it protect the benefit of the shareholders.
		Payable for purchase of investment	-	-	9,888,800	9,937,100	Payable for purchase of investment occurs from the Company invested in a subsidiary company in Malaysia. This payment will be paid by installments according to the profit guarantee period condition as specified in the share purchase agreement. Audit committees' comment is that this transaction deemed reasonable and already approved by shareholders.

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value (Baht)		Ending balance (Baht)		Necessity/Reasonableness and Audit Committees' comment
			2010	2009	31 Dec 2010	31 Dec 2009	
Mr. Cheng Ping Liong	Director of Grand-flo Solution	Loan from director with no interest charge	-	-	4,825,350	6,650,910	A subsidiary company in Malaysia received loan from related person with no charge of interest. Audit committees' comment is that this transaction deemed reasonable since it protect the benefit of the shareholders.
Mr. Nguyen Quyet Thang	Director and shareholder of Sino (associate company)	Payable for purchase of investment	-	-	3,502,252	7,749,084	Payable for purchase of investment occurs from the Company invested in an associate company in Vietnam. This payment will be paid by installments according to the profit guarantee period condition as specified in the share purchase agreement. Audit committees' comment is that this transaction deemed reasonable and already approved by shareholders.
Mrs. Nguyen Thi Thang	A wife of Nguyen Quyet Thang and shareholder of High Rich (associate company)	Payable for purchase of investment			618,045	1,367,486	Payable for purchase of investment occurs from the subsidiary company (Simat Label) invested in an associate company in Vietnam. This payment will be paid by installments according to the profit guarantee period condition as specified in the share purchase agreement. Audit committees' comment is that this transaction deemed reasonable and already approved by shareholders.

### Measures or Procedures for Related Transaction Approval

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

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

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

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

## Financial Analysis and Explanation

## Balance Sheet

Consolidated F/S (Unit: Million Baht)	2010	2009	Change	Portion on total assets	
				2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalent	10	23	-56%	1%	2%
Accounts receivable – Trade, net	315	535	-41%	45%	54%
Inventories, net	89	211	-58%	13%	21%
Other current assets	40	37	10%	6%	4%
<b>Total current assets</b>	<b>454</b>	<b>806</b>	<b>-44%</b>	<b>64%</b>	<b>81%</b>
<b>Non-current assets</b>					
Restricted deposits with banks	85	71	21%	12%	7%
Investments in associate	29	29	-1%	4%	3%
Goodwill	45	45	0%	6%	4%
Plant, property and equipment, net	84	36	132%	12%	4%
Other non-current assets	8	7	20%	1%	1%
<b>Total non-current assets</b>	<b>251</b>	<b>187</b>	<b>34%</b>	<b>36%</b>	<b>19%</b>
<b>Total assets</b>	<b>705</b>	<b>993</b>	<b>-29%</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities and Shareholder's equity</b>					
<b>Current liabilities</b>					
Bank overdraft and short-term loan from financial institution	138	384	-64%	20%	39%
Accounts payable – Trade, net	182	318	-43%	26%	32%
Amounts due to related persons	35	25	38%	5%	3%
Accrued expenses	27	19	45%	4%	2%
Other current liabilities	28	31	-10%	4%	3%
<b>Total current liabilities</b>	<b>410</b>	<b>778</b>	<b>-47%</b>	<b>58%</b>	<b>78%</b>
<b>Non-current liabilities</b>					
Loan from financial institution, net	29	-	n/a	4%	0%
Other non-current liabilities	11	20	-44%	2%	2%
<b>Total non-current liabilities</b>	<b>40</b>	<b>20</b>	<b>102%</b>	<b>6%</b>	<b>2%</b>
<b>Total liabilities</b>	<b>449</b>	<b>797</b>	<b>-44%</b>	<b>64%</b>	<b>80%</b>
<b>Shareholder's equity</b>					
Paid-up share capital					
83,100,000 ordinary shares with par value of 1 baht	83	75	11%	12%	8%
Paid-in share capital in excess of par	69	49	40%	10%	5%
Legal reserve and other reserves	7	6	15%	1%	1%
Unappropriated	69	40	74%	10%	4%
Shareholders' equity of the Company	228	170	34%	32%	17%
Minority interest	28	26	6%	4%	3%
<b>Total shareholder's equity</b>	<b>256</b>	<b>196</b>	<b>30%</b>	<b>36%</b>	<b>20%</b>
<b>Total liabilities and shareholder's equity</b>	<b>705</b>	<b>993</b>	<b>-29%</b>	<b>100%</b>	<b>100%</b>

**Assets**

As end of year 2010, the total assets were Baht 705 million which decreased from prior year approximately 29% due to the following reasons:

1. Trade accounts receivable decreased significantly about Baht 220 million or 41% due to, at end of year 2009, a subsidiary company in Malaysia has a large amount of long outstanding debtor balance under the government project which has not received payment. However, these long outstanding debtor balances has been almost settled in Quarter 3, 2010 so this made the trade accounts receivable balance at end of 2010 decreased significantly. Moreover, the sales of this subsidiary in 2010 also decreased from prior year about 36% which also made the debtor balance decline.
2. Inventories balance decreased significantly about Baht 122 million or 58% due to, at end of 2009, a subsidiary company in Malaysia has a large amount of long outstanding stock to be delivered under the government project as some projects were delayed. However, during 2010, the subsidiary had already delivered a large number of these stocks so this made the inventories balance at end of 2010 decrease significantly.
3. Plant, property and equipment increased about Baht 48 million or 132% due to the subsidiary company in Malaysia purchased land and building for the subsidiary company's office.

**Liabilities**

As end of year 2010, the total liabilities were Baht 449 million which decreased from prior year approximately 44% due to the following reasons:

1. Bank overdraft and short-term loan from financial institution decreased significantly about Baht 246 million or 64% due to, at end of 2009, a subsidiary company in Malaysia has a large amount of long outstanding short-term loan which directly related to the long outstanding debtor balance under the government projects as this loan was used to finance these projects. However, the long outstanding debtor balance has been settled in Quarter 3, 2010 then the short-term loan balance also decreased significantly as well.
2. Trade accounts payable decreased significantly about Baht 136 million or 43% due to the revenue of the subsidiary company in Malaysia of 2010 decreased about 36% from prior year therefore this made the purchase from supplier decreased as well.
3. Long-term loan amounting Baht 29 million occurred in 2010 for financing the purchase of land and building for the subsidiary company's office.

**Shareholders' equity**

At the end of year 2010, the total shareholders' equity were Baht 256 million which increased from prior year about Baht 60 million due to the net profit for year 2010 about Baht 35 million and the cash received from the increase in share capital about 28 million.

## Income statements

Consolidated net profit

2010 (Thousand Baht)	Thailand	Associate	Subsidiary	Net Profit
Country	Thailand	Vietnam	Malaysia	
Period	Whole year	Whole year	Whole year	
Revenue	360,093	78,354	833,371	
Net profit	30,260	9,438	1,052	
Shareholding (%)		40%	60%	
Net profit of the Company	30,260	3,775	631	34,666
Portion of profit	87%	11%	2%	100%

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
Portion of profit	29%	18%	53%	100%

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

The Consolidated net profit for the year 2010 was Baht 35 million which increased from year 2009 about Baht 13 million or 58% due to:

1. Net profit from Thailand operation increased significantly about Baht 24 million due to, in year 2009, the economic recession caused many customers to delay their investments while, year 2010, the economic recovery causes many customers to expand their investments in order to close their budgets and the expansion of branches of customers in retail business.
2. The share of profit from associates in Vietnam decreased slightly about 2%.
3. The share of profit from subsidiaries in Malaysia decreased significantly. The subsidiary can generate the profit only Baht 1.05 due to the significant decrease in revenue and profit which result from the insufficient working capital as there was a large number of long outstanding debtor balance under government project and the delay of some projects.

Revenue and Net Profit Separated by Country

## Thailand

2010 Thousand Baht	Hardware & Software	Maintenance services	Rental of equipment	Label business	Total
Revenue	276,601	55,782	2,752	24,958	360,093
Cost of sales and services	(201,591)	(26,038)	(1,008)	(24,312)	(252,949)
Gross profit	75,010	29,744	1,744	646	107,144
Other income					266
Selling & Admin expenses					(72,579)
Financial expenses					(663)
Income tax					(4,657)
Minority interest					749
Net profit of the Company					30,260

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

Net profit from the operation in Thailand increased significantly about Baht 24 million due to:

1. Revenue from sales of hardware and software increased about Baht 119 million due to, in year 2009, the economic recession caused many customers to delay their investments while, year 2010, the economic recovery causes many customers to expand their investments in order to close their budgets and the expansion of branches of customers in retail business in year 2010 which made the revenue in year 2010 increase significantly.
2. The gross profit for the year 2010 is Baht 107 million with gross margin ratio of 30% which increased from the same period of last year about 55% (Year 2009: Baht 69 million with gross margin ratio of 31%) due to the increase in revenue in year 2010 as the economic recovery causes many customers to expand their investments in order to close their budgets.
3. Selling and administrative expenses for year 2010 is Baht 72 million which increase from the same period of last year about 15% (Year 2009: Baht 63 million) due to the increase in payroll cost.

## Vietnam

Year	2010			2009			Change
	Hardware	Label business	Total	Hardware	Label business	Total	
Thousand Baht							
Revenue	69,398	8,956	78,354	56,780	11,307	68,087	10,267
Cost of sales and services	(47,390)	(5,962)	(53,352)	(38,143)	(7,826)	(45,969)	(7,383)
Gross profit	22,008	2,994	25,002	18,637	3,481	22,118	2,884
Other income	4,641	8	4,649	4,253	90	4,343	306
Selling & Admin expenses	(13,431)	(2,020)	(15,451)	(12,184)	(1,995)	(14,179)	(1,273)
Financial expenses	(699)	(217)	(916)	(223)	(154)	(376)	(540)
Income tax	(3,627)	(219)	(3,846)	(1,935)	(236)	(2,171)	(1,675)
Net profit	8,892	546	9,438	8,549	1,186	9,735	(297)
Shareholding (%)			40%			40%	
Net profit of the Company			3,775			3,894	

The revenue of associated companies in Vietnam increased about Baht 10 million or 15% while the net profit decreased slightly because the income tax expense increased about Baht 1.7 million due to the increase in non-deductible expenses for income tax and the associated companies received the income tax discount about 30% of taxable profit in year 2010 as the Vietnam government launched the tax reduction policy to support the small and medium enterprise during the economic crisis however this policy was effective for Quarter 4' 2008 to year 2009 only.



## Malaysia

Thousand Baht	2010	2009	Change	Dec' 09*
Revenue	860,876	1,306,411	(445,535)	317,037
Cost of sales and services	(780,256)	(1,209,547)	429,291	(282,823)
Gross profit	80,619	96,864	(16,244)	34,214
Other income	9,151	4,078	5,073	543
Selling & Admin expenses	(60,660)	(43,282)	(17,378)	(6,143)
Financial expenses	(23,509)	(27,650)	4,141	(2,736)
Income tax	(4,160)	(11,016)	6,856	(6,573)
Minority interest	(389)	226	(616)	76
Net profit	1,052	19,220	(18,168)	19,381
Shareholding (%)	60%			60%
Net profit of the Company	631			11,629

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

Net profit of the subsidiary in Malaysia for the year 2010 decreased about Baht 18 million due to:

1. Revenue of the subsidiary in Malaysia in year 2010 decreased from prior year about Ringgit 445 million because of the insufficient working capital as there was a large number of long outstanding debtor balance under government project and the delay of some projects due to the Malaysia government could not collect income as targeted.
2. Gross profit decreased as revenue decreased as well.
3. Selling and administrative expenses increased while the revenue decreased due to, in year 2010, the subsidiary has provided the allowance for doubtful account for one debtor whose debt is over 1 year amounting to Baht 10 million. In addition, the payroll expenses increased as the number of employees and directors increased in year 2010.
4. Although the financial expenses decreased about Baht 4 million but if we look at the ratio of financial expense on the total sale, we found that the ratio is very high as the result from the collection period of debtor balance under government projects was so long and this makes the interest expenses of short-term loan increase very high.

Auditor's Report

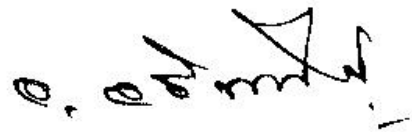
To the Shareholders and the Board of Directors of

Simat Technologies Public Company Limited and its subsidiaries

I have audited the consolidated balance sheet of Simat Technologies Public Company Limited and its subsidiaries as at December 31, 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year ended. I have also audited the separate balance sheet of Simat Technologies Public Company Limited as at December 31, 2010, and the related separate statements of income, changes in shareholders' equity and cash flows for the year ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended December 31, 2010 of an overseas subsidiary were audited by other auditor, whose reports have been finished to me. My opinion on the Company's consolidated and separate financial statements for the year ended December 31, 2010, insofar as they relate to the amounts included for this subsidiary, are based solely on the reports of that auditor. The overseas subsidiary reflect the total assets as at December 31, 2010, of approximately Baht 420.32 million, total revenues for the year ended of approximately Baht 833.37 million, and the net income for the year ended December 31, 2010, of approximately Baht 1.46 million. The financial statements for the year ended December 31, 2010 of two overseas associated companies were also audited by other auditors, whose reports have been furnished to me. My opinion on the consolidated financial statements for the year ended December 31, 2010, insofar as they relate to the amounts included for these associates, are based solely on the reports of those other auditors. The consolidated financial statements include the investments in such associated companies by the equity method of Baht 28.79 million in the consolidated balance sheet as at December 31, 2010, and the equity in net profits in such companies of Baht 3.78 million in the consolidated income statement for the year ended December 31, 2010. 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 December 31, 2009, presented for comparative purposes, were audited by other auditor whose report dated March 1, 2010 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 financial statement presentation. I believe that my audit and the reports of the other auditors referred to in the preceding paragraph provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Simat Technologies Public Company Limited and its subsidiaries as at December 31, 2010, and the consolidated results of their operations and their cash flows for the year ended, and the separate financial position of Simat Technologies Public Company Limited as at December 31, 2010, and the results of its operations and its cash flows for the year ended, in conformity with generally accepted accounting principles.



(Atipong Atipong Sakul)

Certified Public Accountant

Registration Number 3500

ANS Audit Company Limited

Bangkok, February 25, 2011

FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2010	2009	2010	2009
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	10,381,378	23,484,899	4,127,985	5,374,378
Trade accounts receivable					
- general customers - net	6, 7, 15	313,219,499	534,747,276	50,977,029	40,421,668
- related companies	7	1,699,882	89,696	7,388,052	175,997
Accrued income		-	7,403,751	-	7,403,751
Dividend receivable from related companies	7	1,633,663	-	1,633,663	-
Other accounts receivable related companies	7	326,109	9,970	7,197,304	191,519
Inventories - net	8	88,724,165	211,153,739	40,270,157	28,198,665
Loan to related companies	7	1,710,359	1,910,458	11,712,249	7,910,458
Other current assets		36,672,090	27,280,681	3,765,889	1,251,846
<b>Total Current Assets</b>		<b>454,367,145</b>	<b>806,080,470</b>	<b>127,072,328</b>	<b>90,928,282</b>
<b>NON - CURRENT ASSETS</b>					
Restricted deposits with banks	9, 15, 16	85,318,524	70,643,261	14,750,000	11,000,000
Investments in subsidiary companies	10	-	-	100,592,282	90,592,282
Investments in associated companies	10	28,786,905	29,068,927	21,273,694	21,273,694
Goodwill	10	44,692,503	44,692,503	-	-
Property, plant and equipment - net	11, 18	83,748,588	36,029,635	15,431,363	16,784,226
Equipment for lease - net	12	989,921	1,236,067	989,921	1,236,067
Computer software - net	13	140,562	449,834	100,369	614,978
Software development cost for sale	14	4,449,936	2,383,079	4,449,936	2,383,079
Deposits		2,658,856	2,799,601	1,595,179	1,576,679
<b>Total Non - Current Assets</b>		<b>250,785,795</b>	<b>187,302,907</b>	<b>159,182,744</b>	<b>145,461,005</b>
<b>TOTAL ASSETS</b>		<b>705,152,940</b>	<b>993,383,377</b>	<b>286,255,072</b>	<b>236,389,287</b>

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdraft and short-term loan from financial institution	15, 16	137,621,942	384,293,554	7,439,847	3,914,234
Trade accounts payable					
- general suppliers		176,798,608	316,966,640	21,284,895	23,349,790
- related companies	7	4,962,517	945,679	3,887,181	6,917,528
Deferred revenues		13,253,831	7,770,665	7,769,303	7,770,441
Other accounts payable related companies	7	986,887	1,285,500	606,921	632,434
Other accounts payable related parties	6, 7	34,958,560	25,297,648	-	-
Current portion of payable for purchase of investments	7	4,120,297	14,495,385	3,502,252	13,811,642
Current portion of liabilities under hire purchase and financial lease agreements	17	3,932,475	5,001,705	1,025,025	2,257,477
Current portion of long-term loan	18	1,210,178	-	-	-
Accrued income tax		737,614	6,011,513	737,614	14,663
Accrued expenses		26,422,354	12,778,920	5,034,736	5,762,737
Accrued dividend		18,729	17,715	18,390	17,715
Other current liabilities		4,490,725	2,686,065	390,115	653,835
<b>Total Current Liabilities</b>		<b>409,514,717</b>	<b>777,550,989</b>	<b>51,696,279</b>	<b>65,102,496</b>
<b>NON - CURRENT LIABILITIES</b>					
Long-term loan from financial institution - net	18	27,477,791	-	-	-
Liabilities under hire purchase and financial lease agreements - net	17	2,375,419	5,171,210	1,555,797	1,461,199
Payable for purchase of investments	7	9,888,800	14,495,385	9,888,800	13,811,642
<b>Total Non - Current Liabilities</b>		<b>39,742,010</b>	<b>19,666,595</b>	<b>11,444,597</b>	<b>15,272,841</b>
<b>TOTAL LIABILITIES</b>		<b>449,256,727</b>	<b>797,217,584</b>	<b>63,140,876</b>	<b>80,375,337</b>

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2010	2009	2010	2009
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
<u>(CONTINUED)</u>					
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
Common shares 88,700,000 shares, Baht 1 par value	19	88,700,000	78,700,000	88,700,000	78,700,000
(December 31, 2009: 78,700,000 shares)					
Issued and fully paid-up					
Common shares 83,100,000 shares, Baht 1 par value	19	83,100,000	75,000,000	83,100,000	75,000,000
(December 31, 2009: 75,000,000 shares)					
Paid in capital in excess of par value		69,065,344	49,266,890	69,065,344	49,266,890
Discount from change in proportion of investment in					
subsidiary company		(2,313,708)	(1,541,937)	-	-
Currency translation differences		273,992	(4,817)	-	-
Retained earnings					
Appropriated					
Legal reserve	20	8,870,000	7,463,607	8,870,000	7,463,607
Unappropriated					
		68,841,208	39,517,071	62,078,852	24,283,453
Shareholders' equity of the Company		227,836,836	169,700,814	223,114,196	156,013,950
Minority interest in subsidiary companies		28,059,377	26,464,979	-	-
TOTAL SHAREHOLDERS' EQUITY		255,896,213	196,165,793	223,114,196	156,013,950
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		705,152,940	993,383,377	286,255,072	236,389,287

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2010	2009	2010	2009
REVENUES	7				
Sales		1,133,132,227	493,900,294	276,467,826	158,833,423
Services and maintenance income		57,579,647	45,625,857	56,049,628	45,457,282
Rental income		2,752,263	3,659,161	2,752,263	3,659,161
TOTAL REVENUES FROM SALES AND SERVICES		1,193,464,137	543,185,312	335,269,717	207,949,866
COST OF SALES AND SERVICES	7, 25	(1,005,700,996)	(439,943,793)	(245,079,140)	(145,710,683)
Gross profit		187,763,141	103,241,519	90,190,577	62,239,183
Dividend income	7	-	-	25,173,057	1,463,707
Gain (loss) on exchange rate		(426,439)	965,577	(916,095)	456,360
Other income	7	9,479,388	1,026,101	1,325,281	1,234,178
Income before expenses		196,816,090	105,233,197	115,772,820	65,393,428
Selling expenses	7, 25	(13,755,280)	(10,089,554)	(8,397,521)	(9,642,630)
Administrative expenses	7, 25	(98,376,305)	(50,198,333)	(48,523,702)	(39,817,891)
Management remunerations	25	(21,107,144)	(8,750,742)	(10,610,870)	(8,416,000)
Total expenses		(133,238,729)	(69,038,629)	(67,532,093)	(57,876,521)
Income before finance cost and income tax		63,577,361	36,194,568	48,240,727	7,516,907
Finance cost		(23,792,807)	(3,389,492)	(447,237)	(496,046)
Equity in net income of associated companies		3,775,181	3,864,411	-	-
Income before income tax		43,559,735	36,669,487	47,793,490	7,020,861
Income tax	26	(8,816,995)	(8,539,886)	(4,656,708)	(1,967,064)
NET PROFIT		34,742,740	28,129,601	43,136,782	5,053,797
Allocation of income					
Portion of the Company shareholders		34,666,015	21,968,062	43,136,782	5,053,797
Portion of minority interests of the subsidiary companies		76,725	6,161,539	-	-
		34,742,740	28,129,601	43,136,782	5,053,797
BASIC EARNINGS PER SHARE					
Net income attributable to the Company per share (Baht)		0.43	0.29	0.54	0.07
Weighted average number of common shares (shares)		79,975,000	75,000,000	79,975,000	75,000,000



## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

CONSOLIDATED F/S									
Notes	Paid-up		Discount from change in proportion		Currency	Retained earnings		Minority Interest	
	share capital	Paid-in capital in excess of par	of investment in	translation	Legal	Unappropriated	Total shareholders' equity of the company	in subsidiary companies	Total
			subsidiary company	differences	reserve				
Balance as at January 1, 2009	75,000,000	49,266,890	-	-	7,210,917	25,301,679	156,779,486	2,697,085	159,476,571
Acquisition of subsidiary company	-	-	-	-	-	-	-	16,064,418	16,064,418
Appropriation for legal reserve	20	-	-	-	252,690	(252,690)	-	-	-
Net income for the year	-	-	-	-	-	21,968,062	21,968,062	6,161,539	28,129,601
Discount from change in proportion of investment in subsidiary company	-	-	(1,541,937)	-	-	-	(1,541,937)	1,541,937	-
Dividend payment	21	-	-	-	-	(7,499,980)	(7,499,980)	-	(7,499,980)
Change in currency translation differences	-	-	-	(4,817)	-	-	(4,817)	-	(4,817)
Balance as at December 31, 2009	75,000,000	49,266,890	(1,541,937)	(4,817)	7,463,607	39,517,071	169,700,814	26,464,979	196,165,793
Increase in share capital	19	8,100,000	19,798,454	-	-	-	27,898,454	386,097	28,284,551
Appropriation for legal reserve	20	-	-	-	1,406,393	(1,406,393)	-	-	-
Net income for the year	-	-	-	-	-	34,666,015	34,666,015	76,725	34,742,740
Discount from change in proportion of investment in subsidiary company	-	-	(771,771)	-	-	-	(771,771)	771,771	-
Dividend payment	21	-	-	-	-	(3,935,485)	(3,935,485)	-	(3,935,485)
Change in currency translation differences	-	-	-	278,809	-	-	278,809	359,805	638,614
Balance as at December 31, 2010	83,100,000	69,065,344	(2,313,708)	273,992	8,870,000	68,841,208	227,836,836	28,059,377	255,896,213

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

## SEPARATE F/S

Notes	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	Total
					Legal reserve	Unappropriated		
Balance as at January 1, 2009	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	21	-	-	-	-	(7,499,980)	(7,499,980)	(7,499,980)
Balance as at December 31, 2009	75,000,000	49,266,890	-	-	7,463,607	24,283,453	156,013,950	156,013,950
Increase in share capital	19	8,100,000	-	-	-	-	27,898,454	27,898,454
Appropriation for legal reserve	20	-	-	-	1,406,393	(1,406,393)	-	-
Net income for the year	-	-	-	-	-	43,136,782	43,136,782	43,136,782
Dividend payment	21	-	-	-	-	(3,934,990)	(3,934,990)	(3,934,990)
Balance as at December 31, 2010	83,100,000	69,065,344	-	-	8,870,000	62,078,852	223,114,196	223,114,196

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2010	2009	2010	2009
Cash flows from operating activities				
Income before tax	43,559,735	36,669,487	47,793,490	7,020,861
Adjustments to reconcile income before tax to net cash provided from (used in) operating activities:				
Depreciation and amortisation	14,473,419	16,785,143	11,693,851	14,994,124
Equity in net income of associated companies	(3,775,181)	(3,864,411)	-	-
Unrealized (gain) loss on foreign exchange rate	117,617	(725,141)	1,222,772	(293,441)
Gain on disposal of equipment	(55,345)	(38,618)	(75,895)	(38,618)
Provision for doubtful account	9,652,436	482,313	-	482,313
Provision for oblosete and devaluation of inventories	813,595	527,605	368,009	527,605
Dividend income	-	-	(25,173,057)	(1,463,707)
Interest income	(2,336,629)	(1,126,913)	(859,314)	(1,048,503)
Interest expense	24,171,287	3,285,605	447,237	496,046
Cash provided from operating activities before changes in operating assets and liabilities	86,620,934	51,995,070	35,417,093	20,676,680
Decrease (increase) in operating assets:				
Trade accounts receivable	209,847,677	(169,631,188)	(18,184,894)	(10,795,465)
Accrued income	7,403,751	(7,403,751)	7,403,751	(7,403,751)
Other accounts receivable related companies	(336,307)	5,238	(11,025,952)	4,321
Inventories	116,288,643	31,586,705	(17,766,838)	5,973,672
Other current assets	(9,392,505)	10,408,080	(2,515,140)	63,629
Deposits	920,744	123,536	761,500	(799)

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2010	2009	2010	2009
Increase (decrease) in operating liabilities:				
Trade accounts payable	(136,203,839)	88,582,871	(5,159,511)	(2,414,705)
Deferred revenues	5,483,166	785,824	(1,138)	785,600
Other accounts payable related companies	(570,143)	(649,599)	(380,436)	(685,365)
Other accounts payable related parties	(4,834,473)	9,190,327	(13,811,642)	-
Accrued expenses	15,370,418	98,707	(730,397)	896,448
Other current liabilities	1,804,659	(1,866,836)	(263,720)	317,593
Cash provided from operating activities	292,402,725	13,224,984	(26,257,324)	7,417,858
Interest received	2,337,726	1,246,454	860,411	1,168,044
Interest payment	(25,897,257)	(2,700,437)	(444,166)	(492,975)
Income tax payment	(14,090,894)	(2,386,758)	(3,933,757)	(2,070,535)
Net cash provided from (used in) operating activities	254,752,300	9,384,243	(29,774,836)	6,022,392
Cash flows from investing activities:				
Received dividend	2,423,542	-	23,539,394	8,463,707
Loan to related companies	-	(1,910,458)	(10,946,329)	(3,410,458)
Decrease (increase) in restricted deposits with banks	(14,675,263)	8,318,432	(3,750,000)	9,000,000
Cash paid for investment in subsidiaries companies	-	(25,226,937)	-	(60,518,081)
Proceeds from disposal of equipment	-	208,742	-	208,742
Cash payment for acquisition of equipment	(27,196,323)	(4,493,127)	(3,837,518)	(159,866)
Cash payment for acquisition of computer software for sales	(1,904,753)	(1,317,852)	(1,904,753)	(1,263,593)
Net cash provided from (used in) investing activities	(41,352,797)	(24,421,200)	3,100,794	(47,679,549)

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2010	2009	2010	2009
Cash flows from financing activities:				
Increase (decrease) in bank overdraft and short-term loan				
from financial institution	(246,671,612)	(15,967,359)	3,525,613	3,914,234
Cash receipt from increase in share capital	27,898,454	-	27,898,454	-
Payments for liabilities under hire purchase and				
financial lease agreements	(4,810,183)	(4,009,771)	(2,061,428)	(2,825,948)
Dividend payment	(3,935,485)	(7,499,980)	(3,934,990)	(7,499,980)
Proceeds from share capital of subsidiaries companies				
from minority interest	386,097	547,910	-	-
Net cash provided from (used in) financing activities	(227,132,729)	(26,929,200)	25,427,649	(6,411,694)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,733,226)	(41,966,157)	(1,246,393)	(48,068,851)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	629,705	324,638	-	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	23,484,899	65,126,418	5,374,378	53,443,229
CASH AND CASH EQUIVALENTS - END OF YEAR	10,381,378	23,484,899	4,127,985	5,374,378

Non - cash transactions

For the year ended December 31, 2010

The Company transferred inventories to equipment totaling Baht 5.33 million.

The cost of software development remains unpaid totalling Baht 0.36 million.

The Company acquired vehicle for a total cost of Baht 1.67 million of which Baht 1.42 million to be paid by instalments under financial lease agreement and Baht 0.25 million was paid by cash.

The subsidiary acquired freehold land and building of Baht 28.69 million under term loan from financial institution.

The company invested in the subsidiary by offsetting with the amount due from related company of Baht 4 million and loan to related company of Baht 6 million.

For the year ended December 31, 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.

## SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

## FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**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 July 18, 2006. The Company is engaged in the trading of computer hardware, software and network accessories and computer information technology system development.

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

The Company’s registered head office is located at 123 (formerly 61/2 Moo 4) Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung Road, Lamplatew sub-district, Ladkrabang district, Bangkok.

**2 BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENT**

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated January 30, 2009, issued under the Accounting Act B.E. 2543.

They are prepared on the historical cost basis, except as disclosed in respective accounting policies.

As required by Thai law and regulatory requirements, the Company’s financial statements have been prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The preparation of financial statements in conformity with TAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Therefore, actual result may differ from these estimates.

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

During 2010, the Federation of Accounting Professions has issued a Notification, re-numbering of the following Thai Accounting Standards (“TAS”) as follows:

<u>Former TAS no.</u>	<u>Re-numbering TAS no.</u>	<u>Topic</u>
TAS 11	TAS 101	Doubtful Accounts and Bad Debts
TAS 26	TAS 102	Income Recognition for Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring (revised 2002)
TAS 40	TAS 105	Accounting for Investments in Debt and Equity Securities
TAS 42	TAS 106	Accounting for Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

Adoption of new and revised Thai Accounting Standards, Thai Financial Reporting Standards and Thai Financial Reporting Interpretation

During 2010, the Federation of Accounting Professions has issued Notifications, mandating the use of new and revised Framework for the Preparation and Presentation of Financial Statements, Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI) as follows:

- a) Framework for the Preparation and Presentation of Financial Statements (revised 2009) which is immediately effective for the current year. The management of the Company has assessed the effects of this framework and believes that it does not have any significant impact on the financial statements for the current year.
- b) TAS, TFRS and TFRI which are effective for the financial statements for the period beginning on or after January 1, 2011 of totaling 28 standards.

<u>TAS/TFRS/TFRI</u>	<u>Topic</u>
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period

<u>TAS/TFRS/TFRI</u>	<u>Topic</u>
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share – Based Payments
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for sale and Discontinued Operations
TFRS 6	Explorations for and Evaluation of Mineral Resources
TFRI 15	Agreements for the Construction of Real Estate

The management of the Company has assessed the effects of these TAS, TFRS and TFRI, and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied except the following TAS.



TAS 19 – Employee Benefits

TAS 19 includes the requirements to recognize and measure employee benefits costs of post-employment benefits under defined benefit plans, other long-term employee benefits and termination benefits in the period in which the service is performed. The requirements require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis using the Projected Unit Credit Method because they may be settled many years after the employees render the related service.

Presently, the management of the Company is assessing the impact of this standard on the financial statements for the year in which it is initially applied.

- c) TAS which are effective for the financial statements for the period beginning on or after January 1, 2013 are as follows:

<u>TAS/TFRS/TFRI</u>	<u>Topic</u>
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate

The management of the Company is assessing the impacts of these standards on the financial statements for the year in which they are initially applied.

Basis of financial statements preparation and principles of consolidation

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

Subsidiary companies	Percentage of shareholding		Type of businesses
	December 31, 2010	December 31, 2009	
Simat Soft Co., Ltd.	100.00	100.00	Production, development, modifying and sales of computer software.
Simat Label Co., Ltd.	85.88	80.00	Wholesaler for barcode, productions and RFID, papers and related supplies.
E-Tech Distribution Ltd. (Note 10)	51.00	51.00	Sales of hardware, software and maintenance service for the point of sales system
E-Tech IT Sdn, Bhd. (Malaysia) (Note 10)	60.00	60.00	Sales of computer hardware, software and maintenance services

As at December 31, 2010 and 2009, the total assets of subsidiaries represent 70.13 percent and 81.10 percent, respectively, of the total assets in the consolidated financial statements, and total revenues of subsidiaries for the years ended December 31, 2010 and 2009 represent 72.56 percent and 61.36 percent, respectively, of the total revenues in the consolidated financial statements.

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### Revenues and expenses recognition

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

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

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

#### Cash and cash equivalents

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

#### Trade accounts receivable

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

#### Inventories

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

#### 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.

#### 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.

Property, plant and equipment

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

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

	<u>Years</u>
Building	50
Office equipment	3 - 10
Tools and equipments	3 - 5
Furniture and fixtures	5 - 10
Motor vehicles	5
Machineries	5 - 15

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.

Computer programs

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

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

Software development cost for sale

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

Amortization is charged to the Statement of Income using the straight-line method for 5 years.

Impairment of assets

The Company and subsidiary review their equipment and other non – current assets 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.

### 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.

### 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	- 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.

### Provident fund

The Company and local 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.

### Income tax

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

### Earnings per share

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

### 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.

## 4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT

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

### Impairment of receivables

The Company and subsidiaries account for allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on historical collection experience couple with a review of outstanding receivables at the balance sheet date.

### Allowance for obsolete, slow-moving and defective inventories

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

### Impairment of investment

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

### 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.

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.

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.

Leases

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

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consisted of:-

	(Unit : Baht)			
	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Cash on hand	163,930	212,800	102,968	79,472
Cash at banks				
Current account	9,034,764	21,734,350	2,842,333	3,806,269
Saving account	1,114,963	730,029	1,114,963	730,029
Fix account with maturity of less than 3 months	67,721	807,720	67,721	758,608
Total	<u>10,381,378</u>	<u>23,484,899</u>	<u>4,127,985</u>	<u>5,374,378</u>

## 6 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at December 31, consisted of:-

(Unit: Baht)

Ages of receivable	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Not yet due	164,156,601	424,687,983	29,524,774	34,934,657
Past due:				
Less than 3 months	61,651,420	22,792,714	21,556,090	5,483,534
Over 3 month but not over 6 month	6,171,175	59,738,535	-	482,313
Over 6 month but not over 12 month	10,787,639	30,802,713	-	-
Over 12 month	91,351,661	7,732,639	506,343	131,342
Total	334,118,496	545,754,584	51,587,207	41,031,846
<u>Less</u> Allowance for doubtful accounts	(20,898,997)	(11,007,308)	(610,178)	(610,178)
Trade accounts receivable - net	313,219,499	534,747,276	50,977,029	40,421,668

Part of the past due receivable of over 12 months has been guaranteed by the director of the subsidiary as shown in “Amount to related parties” of Baht 28.95 million. For the remaining balance of past due receivable of over 12 months for which the allowance for doubtful accounts was not provided, the customer of overseas subsidiary amounted of RM 5.4 million confirms that repayment will be settled within the first quarter 2011, and the management of the subsidiary expects to have the collection within the first quarter of 2011.

As of December 31, 2010, the subsidiary’s accounts receivable of Baht 9.65 million is under the back-to-back factoring arrangement with the financial institution whereby the collection will be used to reduce the subsidiary’s borrowing balance due to the financial institution.

## 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.

### Sales and purchases of goods and services

Sales and purchases of goods from related parties are made under the conditions and terms of general trade practice, with prices approximate the market.

Balances with related parties as at December 31, 2010 and 2009 are summarized below:

	(Unit: Baht)			
	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<u>Trade accounts receivable</u>				
Grand – flo Electronic Systems				
Sdn, Bhd.	235,120	89,696	-	89,696
Grand-flo Spritvest Sdn, Bhd.	285,746	-	6,502	-
Simat Label Co., Ltd.	-	-	-	86,301
E-Tech IT Sdn, Bhd.	-	-	7,381,550	-
Zeal System Sdn, Bhd.	1,179,016	-	-	-
Total	<u>1,699,882</u>	<u>89,696</u>	<u>7,388,052</u>	<u>175,997</u>
<u>Dividend receivable</u>				
Sino Trading – Services				
Corporation	1,633,663	-	1,633,663	-
<u>Other accounts receivable</u>				
Simat Label Co., Ltd.	-	-	928,047	139,844
Simat Soft Co., Ltd.	-	-	40,651	41,705
Sino Trading – Services				
Corporation	208,809	-	208,809	-
High Rich Trading – Services				
Corporation	117,300	9,970	117,300	9,970
E-Tech IT Sdn, Bhd.	-	-	5,902,497	-
Total	<u>326,109</u>	<u>9,970</u>	<u>7,197,304</u>	<u>191,519</u>
<u>Loan to related company</u>				
Simat Label Co., Ltd.	-	-	1,000,000	6,000,000
High Rich Trading – Services				
Corporation	1,710,359	1,910,458	1,710,359	1,910,458
E-Tech IT Sdn, Bhd.	-	-	9,001,890	-
Total	<u>1,710,359</u>	<u>1,910,458</u>	<u>11,712,249</u>	<u>7,910,458</u>

The Company had provided short – term loans to its subsidiary and related company for use as working capital. Such loans bear interest rate at 5.85% - 6.00% per annum.



(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<u>Trade accounts payable</u>				
Grand – flo Electronic Systems				
Sdn, Bhd.	986,996	828,384	-	828,384
Kopacklabels Press Sdn, Bhd.	79,679	88,150	-	-
Grand – flo Spritvest Sdn, Bhd.	1,682,232	29,145	12,177	29,145
Simat Soft Co., Ltd.	-	-	3,596,805	6,035,175
Simat Label Co., Ltd.	-	-	132,680	24,824
E-Tech IT Sdn, Bhd.	-	-	48,571	-
E-Tech Frontline Sdn, Bhd.	-	-	96,948	-
Zeal System Sdn, Bhd.	2,213,610	-	-	-
Total	4,962,517	945,679	3,887,181	6,917,528
<u>Other accounts payable related companies</u>				
Grand – flo Solution Bhd.	358,013	510,305	358,013	510,305
Label Network Sdn, Bhd.	568,942	586,763	-	-
Grand – flo Electronic Systems				
Sdn, Bhd.	59,932	188,432	-	122,129
Simat Label Co., Ltd.	-	-	188,095	-
E-Tech IT Sdn, Bhd.	-	-	60,813	-
Total	986,887	1,285,500	606,921	632,434
<u>Other accounts payable related parties</u>				
Mr. Ling Chee Kiat	30,133,210	18,646,738	-	-
Mr. Cheng Ping Liong	4,825,350	6,650,910	-	-
Total	34,958,560	25,297,648	-	-

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<u>Payable for purchase of investments</u>				
Portion due within one year				
Mr. Nguyen Quyet Thang	3,502,252	3,874,542	3,502,252	3,874,542
Mrs. Nguyen Thi Thang	618,045	683,743	-	-
Mr. Ling Chee Kiat	-	9,937,100	-	9,937,100
Total	4,120,297	14,495,385	3,502,252	13,811,642
Portion due over one year but not over five years				
Mr. Nguyen Quyet Thang	-	3,874,542	-	3,874,542
Mrs. Nguyen Thi Thang	-	683,743	-	-
Mr. Ling Chee Kiat	9,888,800	9,937,100	9,888,800	9,937,100
Total	9,888,800	14,495,385	9,888,800	13,811,642

Amounts due to related parties consist of deposit from director of a subsidiary (Mr. Ling Chee Kiat) totaling Baht 30.13 million (As at December 31, 2009 of Baht 18.65 million) represents the deposit with the Company to guarantee the collection of two long outstanding debtor balances in 2010 and 2009 amounted to Baht 28.95 million and Baht 18.65 million, respectively, of E-Tech IT Sdn, bhd. (“a subsidiary”) within the specific period of time as agreed in the memorandum at the acquisition date and to secure the accounts receivable past due recoverable and the remaining amounts are the advance from directors which is interest-free and has no fixed term of repayment.

Above payable for purchase of investments occurred from the Company investment in associated companies in Vietnam and a subsidiary in Malaysia. The Company and its subsidiary will pay to the former shares owners by installments 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. For the year 2010, the guaranteed profit of the subsidiary was not met, however the Company and the former shareholders have mutually agreed to extend the repayment to the financial year 2012, with the condition of achievement of the profit guarantee of the subsidiary as confined in the supplemental agreement.

Transactions with related parties for the years ended December 31, 2010 and 2009 are summarized below:

(Unit: Baht)

Transactions with related companies	Pricing policy	Consolidated financial statement		Separate financial statement	
		2010	2009	2010	2009
Sales of inventories	At market price	3,593,609	355,806	7,895,662	533,245
Dividend received	At cost	-	-	25,173,057	1,463,707
Interest income	At the rate of 5.85% - 7.25%	107,330	9,970	798,056	439,309
Purchase of inventories	At market price	5,706,285	1,869,422	21,102,000	2,441,859
Software service cost	Mutually agreed price	-	-	17,719,500	9,240,500
Purchase of assets	Mutually agreed price	1,313,249	1,523,229	2,262,655	2,383,079
Other expenses	At cost	228,907	779,067	223,506	593,566

8 INVENTORIES –NET

Inventories as at December 31, consisted of:-

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Finished goods	88,909,552	208,622,933	39,336,447	26,017,536
Work in process	224,927	578,290	-	-
Raw materials	514,663	967,575	-	-
Spare parts	2,975,152	2,515,611	2,975,152	2,515,611
Goods in transit	86,860	1,425,811	86,860	1,425,811
<b>Total</b>	<b>92,711,154</b>	<b>214,110,220</b>	<b>42,398,459</b>	<b>29,958,958</b>
<u>Less</u> Allowance for decline values of				
inventories	(3,986,989)	(2,956,481)	(2,128,302)	(1,760,293)
<b>Inventories – net</b>	<b>88,724,165</b>	<b>211,153,739</b>	<b>40,270,157</b>	<b>28,198,665</b>

9 RESTRICTED DEPOSITS WITH BANKS

As at December 31, 2010 and 2009, the Company's fixed deposits totaling Baht 85.32 million and Baht 70.64 million, respectively, in consolidated financial statements and Baht 14.75 million and Baht 11 million, respectively, in separate financial statements have been placed with banks as collaterals for bank overdrafts facilities, short - term loan, factoring of accounts receivables, forward exchange contracts and letter of guarantees. These fixed deposits bear interest at 0.95% - 3.10% per annum and 0.25% - 3.70% per annum, respectively.

## 10 INVESTMENTS IN SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES

Investments in subsidiary companies and associated companies as at December 31, consisted of:-

		Consolidated financial statement (Unit: Thousand Baht)							
		Paid-up capital		% of share holding		Cost method		Equity method	
Type of business		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<u>Associated companies</u>									
Sino Trading – Services Corporation (shares held by Simat Technologies PCL.)	Trading of computer hardware, software and network and network accessories and computer information technology system development	12,600	12,600	40.00	40.00	21,274	21,274	24,503	25,003
High Rich Trading and Services Corporation (shares held by Simat Label Co., Ltd.)	Wholesaler for barcode, productions and RFID, papers and related supplies	2,140	2,140	40.00	40.00	3,599	3,599	4,284	4,066
Total investment in associated companies						24,873	24,873	28,787	29,069
<u>Subsidiary companies</u>									
		Paid-up capital		% of share holding		Cost method		Cash dividend	
Type of business		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Simat Soft Co. Ltd.	Produce, develop, modify and sales of software	3,000	3,000	100.00	100.00	3,000	3,000	21,116	1,464
Simat Label Co. Ltd.	Wholesaler for barcode, productions and RFID, papers and related supplies	34,000	24,000	85.88	80.00	29,200	19,200	-	-
E-Tech Distribution Co., Ltd.	Sales of hardware, software and maintenance service for the point of sales system	1,250	1,250	51.00	51.00	638	638	-	-
E-Tech IT Sdn, Bhd.	Sales of computer hardware, software and maintenance	57,003	38,123	60.00	60.00	67,754	67,754	-	-
Total investments in subsidiary companies						100,592	90,592	21,116	1,464
<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	40.00	40.00	21,274	21,274	4,057	-
Total investments in associated company						21,274	21,274	4,057	-

On September 20, 2010 and May 12, 2009, Simat Label Company Limited (“Subsidiary”) registered the increase of share capital amounting to Baht 10 million and Baht 12 million, respectively, in which the Company invested in all shares increased.

On June 30, 2010, E-Tech IT Sdn, Bhd. (subsidiary) raised its share registered from Ringgit 5 million to Ringgit 10 million and the shareholders approved the share dividend at the ratio of 1 share for every 2 shares holdings which increased the paid-up share capital from Ringgit 4 million to Ringgit 6 million.

On August 13, 2010, E-Tech IT Sdn, Bhd., a subsidiary in Malaysia, invested in E-Tech IT Frontline Sdn, Bhd. (Malaysia) of 60,000 shares equivalent to 60% of the registered capital of such company of RM 60,000.

On December 1, 2009, the Company invested in common share of E-Tech IT Sdn, Bhd. (Malaysia) of 2,400,000 shares equivalent to 60% of the registered capital of such company at cost of Baht 68 million to be paid by cash to the former shareholders of E-Tech IT Sdn, Bhd. This investment incurred the goodwill of Baht 44.69 million. The Company will treat the goodwill arising from acquisition as impaired when there is a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires management judgment.

On March 13, 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 November 11, 2008, the Company purchased a 40% share of Sino Trading – Services Corporation, a company incorporated in Vietnam and on November 30, 2008, a 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 December 31, 2010 can be summarized as follows:

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statement</u>	<u>financial statement</u>
Assets	44,139,035	33,704,429
Liabilities	19,806,285	13,016,369
Revenue for the year ended December 31, 2010	78,354,331	69,702,998
Net profit for the year ended December 31, 2010	9,437,954	8,892,034
Net profit attributable to the Company	3,775,181	3,556,814

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

11 PROPERTY, PLANT AND EQUIPMENT – NET

During the year ended December 31, 2010, the Company and subsidiary company have following movements in the property, plant and equipment:

(Unit : Thousand Baht)

	Consolidated financial statement				As at December 31, 2010
	As at	Movement during the year		Translation	
	January 1, 2010	Increase	Decrease	adjustment	
<u>Cost</u>					
Land	-	6,446	-	(1)	6,445
Building	-	41,505	-	(7)	41,498
Office equipment	16,940	3,287	(1,271)	33	18,989
Tools and equipments	12,099	6,121	(2,668)	-	15,552
Furniture and fixture	13,785	1,428	-	(5)	15,208
Motor vehicles	23,351	4,069	(3,658)	43	23,805
Machineries	17,646	441	-	-	18,087
Total	83,821	63,297	(7,597)	63	139,584
<u>Accumulated depreciation</u>					
Building	-	(420)	-	-	(420)
Office equipment	(14,312)	(1,712)	1,044	(16)	(14,996)
Tools and equipments	(7,813)	(3,807)	220	-	(11,400)
Furniture and fixture	(7,293)	(2,449)	-	(4)	(9,746)
Motor vehicles	(14,027)	(4,387)	2,225	(11)	(16,200)
Machineries	(1,898)	(1,175)	-	-	(3,073)
Total	(45,343)	(13,950)	3,489	(31)	(55,835)
Net book balue	38,478				83,749
Allowance for impairment of asset	(2,448)				-
Property, plant and equipment - net					
Owned assets	17,556				69,650
Assets under finance leases	18,474				14,099
Property, plant and equipment - net	36,030				83,749
Depreciation for the year	11,545				13,950



The gross amount of fully depreciated equipments that are still in use as at December 31,2010 and 2009, amounted to Baht 16.57 million and Baht 10.69 million, respectively.

On September 30, 2010, the subsidiary company in Malaysia acquired land and building used as the subsidiary's office from the third party totaling Baht 47.87 million and mortgaged this land and building as collateral for the long-term loan (Note 18).

Effective from January 1, 2010, a subsidiary company has changed the estimated useful lives of machineries from 10 years to 5 – 15 years by using prospective adjustments. The changes resulted in a decrease in depreciation for the year ended December 31, 2010 in the consolidated financial statements in the amount of Baht 0.62 million.

(Unit : Thousand Baht)

	Separate financial statement			As at December 31, 2010
	As at	Movement during the year		
	January 1, 2010	Increase	Decrease	
<u>Cost</u>				
Office equipment	13,757	1,382	(38)	15,101
Tools and equipments	12,098	4,944	(2,668)	14,374
Furniture and fixtures	12,669	26	-	12,695
Motor vehicles	20,567	3,722	(3,658)	20,631
Total	59,091	10,074	(6,364)	62,801
<u>Accumulated Depreciation</u>				
Office equipment	(11,885)	(1,220)	19	(13,086)
Tools and equipments	(7,813)	(2,798)	220	(10,391)
Furniture and fixtures	(6,837)	(2,127)	-	(8,964)
Motor vehicles	(13,324)	(3,830)	2,225	(14,929)
Total	(39,859)	(9,975)	2,464	(47,370)
Net book balue	19,232			15,431
Allowance for impairment of asset	(2,448)			-
Equipment - net				
Owned assets	9,534			11,440
Assets under finnance leases	7,250			3,991
Equipment - net	16,784			15,431
Depreciation for the year	9,455			9,975

The gross amount of the Company's fully depreciated equipments that are still in use as at December 31,2010 and 2009, amounted to Baht 16.57 million and Baht 10.69 million, respectively.

## 12 EQUIPMENT FOR LEASE - NET

During the year ended December 31, 2010, the Company and subsidiary company have following movement in equipment for lease.

(Unit : Thousand Baht)

	Consolidated and Separate financial statement			
	As at	Movement during the year		As at
	January 1, 2010	Increase	Decrease	December 31, 2010
Cost	23,143	762	-	23,905
Accumulated Depreciation	(21,907)	(1,008)	-	(22,915)
Equipment for lease - net	1,236			990

## 13 COMPUTER SOFTWARE - NET

During the year ended December 31, 2010, the Company and subsidiary company have following movement in computer software:

(Unit : Thousand Baht)

	Consolidated financial statement			
	As at	Movement during the year		As at
	January 1, 2010	Increase	Decrease	December 31, 2010
Cost	2,910	-	-	2,910
Accumulated Amortization	(2,460)	(309)	-	(2,769)
Computer software - net	450			141

(Unit : Thousand Baht)

	Separate financial statement			
	As at	Movement during the year		As at
	January 1, 2010	Increase	Decrease	December 31, 2010
Cost	3,784	-	-	3,784
Accumulated Depreciation	(3,169)	(515)	-	(3,684)
Computer software - net	615			100

#### 14 SOFTWARE DEVELOPMENT COST FOR SALE

During the year, the Company has developed software for sale. Movements in software development cost for sale during the year were as follows:

(Unit : Thousand Baht)

	Consolidated and Separate financial statement			
	As at	Movement during the year		As at
	January 1, 2010	Increase	Decrease	December 31, 2010
Cost	2,383	2,263	-	4,646
Accumulated Depreciation	-	(196)	-	(196)
Software development for sale - net	2,383			4,450

#### 15 BANK OVERDRAFT AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

Bank overdraft and short-term loan from financial institution as at December 31, consisted of:-

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Bank overdraft	23,585	29,176	-	-
Promissory notes	114,037	355,117	7,440	3,914
Total bank overdraft and short-term loan from financial institution	137,622	384,293	7,440	3,914

Bank overdraft and short-term loan from financial institution as at December 31, 2010 and 2009 bear interest at the rate of 3.50% - 10.22% per annum and 6.00% - 7.55% per annum respectively. These are secured by the pledged of the Company and subsidiary's fixed deposits, accounts receivable factoring arrangement and joint and several guaranteed by the subsidiary's directors and the Company.

16 CREDIT FACILITIES

As at December 31, 2010 and 2009, the Company has the credit facilities with financial institution as below:

(Unit: Million Baht)

Type of credit limit	Consolidated financial statement			
	December 31, 2010		December 31, 2009	
	Limit	Interest rate	Limit	Interest rate
Bank overdraft	37	2.95% - 10.22%	22	2.25% – 7.55%
Liabilities under trust receipt agreements, letters of credit, and others	188	3.50% – 9.45%	176	2.25% – 7.55%
Factoring of accounts receivable for governmental project	386	7.80% + 0.15% of sinking fund which allotted from 1.5% of collected	570	7.05% + 0.15% of sinking fund which allotted from 1.5% of collected
Forward exchange contract	69	-	79	-

(Unit: Million Baht)

Type of credit limit	Separate financial statement			
	December 31, 2010		December 31, 2009	
	Limit	Interest rate	Limit	Interest rate
Bank overdraft	25	2.95%	10	2.25% – 2.50%
Liabilities under trust receipt agreements, letters of credit, and others	30	3.50 %	30	2.25% – 2.50%
Forward exchange contract	40	-	50	-

All credit facilities are collateralized by the pledges of the company's and the subsidiary's fixed deposits, accounts receivable factory arrangement and guaranteed by the Company's and the subsidiary's directors as well as the mortgage of the subsidiary's land and building.

## 17 LIABILITIES UNDER HIRE PURCHASE AND FINANCIAL LEASE AGREEMENTS

Liabilities under financial lease agreements as at December 31, consisted of:-

(Unit : Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Due not later than one year				
Minimum payments	4,221,291	5,531,981	1,172,978	2,489,285
Deferred interest	(288,816)	(530,276)	(147,953)	(231,808)
Liabilities under financial lease –				
net	<u>3,932,475</u>	<u>5,001,705</u>	<u>1,025,025</u>	<u>2,257,477</u>
Due later than one year but not later than five				
Minimum payments	2,522,428	5,530,045	1,638,254	1,616,748
Deferred interest	(147,009)	(358,835)	(82,457)	(155,549)
Liabilities under financial lease –				
net	<u>2,375,419</u>	<u>5,171,210</u>	<u>1,555,797</u>	<u>1,461,199</u>

## 18 LONG-TERM LOAN FROM FINANCIAL INSTITUTION – NET

Long-term loan from financial institution as at December 31, consisted of:-

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Long-term loans from banks	28,688	-	-	-
<u>Less</u> current portion of long-term				
loan from financial institutions	(1,210)	-	-	-
Total long - term loan - net	<u>27,478</u>	<u>-</u>	<u>-</u>	<u>-</u>

On March 5, 2010, the subsidiary company in Malaysia made the loan agreement for Ringgit 3.01 million with a financial institution in Malaysia with the interest rate at BLR -1.25 per annum. The monthly repayment installment equals to Ringgit 22,720 per month and the last installment due in March 2025. The land and building had been mortgaged as collateral for the loan (Note 11).

As at December 31, 2010, the long-term loan from the financial institution of the subsidiary company was guaranteed by the Company and the subsidiary's shareholders for Ringgit 1.81 million and Ringgit 1.20 million, respectively.

## 19 SHARE CAPITAL

At the Extraordinary Shareholder's Meeting No. 1/2010 on June 23, 2010, the shareholders passed a resolution to approve the increase in share registered from Baht 78,700,000 to Baht 88,700,000 (88.7 million shares at par value of Baht 1). The Company registered the capital increase on June 28, 2010. The Company had offering for sale of new ordinary shares through Private Placement on July 6-7, 2010 for the total of 4,400,000 shares and already received shares payment from the investors totaling Baht 17.91 million and registered the change of paid up capital to Baht 83,100,000 with the Ministry of Commerce on July 8, 2010.

At the Extraordinary Shareholder's Meeting No. 1/2009 on November 12, 2009, the shareholder pass a resolution to approve the increase in share registered from Baht 75,000,000 to Baht 78,700,000 (78.7 million shares at par value of Baht 1). The Company had offering for sale of new ordinary shares through Private Placement in 2010 for the total of 3,700,000 shares and already received shares payment from the investor totaling Baht 9.99 million and registered the change of paid up capital to Baht 78,700,000 with the Ministry of Commerce on June 21, 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 1.41 million and Baht 0.25 million during the years 2010 and 2009, respectively. The legal reserve is non - distributable for dividends.

## 21 DIVIDEND

At the subsidiary's Board of Directors' Meeting (Simat Soft Co., Ltd.) No. 3/ 2010 held on December 13, 2010, the Board passed a resolution to pay the interim cash dividends from the net profit for the period of August – November 2010 at Baht 21.14 per shares, totaling Baht 6.34 million.

At the subsidiary's Board of Directors' Meeting (Simat Soft Co., Ltd.) No. 2/ 2010 held on September 7, 2010, the Board passed a resolution to pay the interim cash dividends from the net profit for the period of January – July 2010 at Baht 27.31 per shares, totaling Baht 8.19 million.

At the Company's Annual General Shareholders' Meeting for the year 2010 held on April 29, 2010, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended December 31, 2009 at Baht 0.05 per shares, totaling Baht 3.93 million.

At the subsidiary's Annual General Shareholders' Meeting (Simat Soft Co., Ltd.) for the year 2010 held on March 18, 2010, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended December 31, 2009 at Baht 21.93 per shares, totaling Baht 6.58 million.

At the subsidiary's Annual General Shareholders' Meeting (Simat Soft Co., Ltd.) for the year 2009 held on April 30, 2009, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended December 31, 2008 for 0.3 million common shares, at Baht 28.21 per shares, totaling 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 December 17, 2008. The Company, therefore, paid the remaining dividend at 4.88 Baht per share, amounted to Baht 1.46 million within May 31, 2009.

At the Annual General Shareholders' Meeting for the year 2009 held on April 23, 2009, the shareholders passed a resolution to pay cash dividends from the net profit for the period ended December 31, 2008 for 75 million common shares at Baht 0.20 per shares, totaling 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 September 9, 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 May 22, 2009.

## 22 PROVIDENT FUND

On June 20, 2006, the Company and local subsidiaries and their employees jointly established a provident fund plan as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. 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 year ended December 31, 2010 and 2009, the Company and local subsidiaries contributed a total of Baht 0.28 million and Baht 0.35 million, respectively.

## 23 DISCLOSURE OF FINANCIAL INSTRUMENTS

### Foreign Currency Risk

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

### 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 and borrowing from financial institution as follows:

(Unit : Million Baht)

Consolidated financial statement				
2010				
Non – interest				
	Floating rate	Fixed rate	bearing	Total
<u>Financial assets/liabilities</u>				
Cash and cash equivalents	1.11	0.07	9.20	10.38
Restricted deposits with banks	-	85.32	-	85.32
Bank overdraft and short-term loan				
from financial instution	132.67	-	-	132.67
Long-term loan from				
financial institution	28.69	-	-	28.69

(Unit : Million Baht)

Consolidated financial statement				
2009				
Non – interest				
	Floating rate	Fixed rate	bearing	Total
<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 instution	384.29	-	-	384.29

(Unit : Million Baht)

Separate financial statement				
2010				
Non – interest				
	Floating rate	Fixed rate	bearing	Total
<u>Financial assets/liabilities</u>				
Cash and cash equivalents	1.11	0.07	2.95	4.13
Restricted deposits with banks	-	14.75	-	14.75
Bank overdraft and short-term loan				
from financial instution	7.44	-	-	7.44



(Unit : Million Baht)

Separate financial statement				
2009				
Non – interest				
	Floating rate	Fixed rate	bearing	Total
<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

Financial assets with fixed interest rates as of December 31, 2010 and 2009, and the period of time from the balance sheet date to their maturity dates are as follows:

(Unit : million Baht)

Consolidated financial statement						
2010						
7 - 12						
	At call	1 - 6 months	months	Over 1 year	Total	Interest rate
<u>Financial assets/liabilities</u>						
Fixed deposits with banks	-	0.07	-	-	0.07	0.95%-3.10%
Restricted deposits with banks	-	85.32	-	-	85.32	0.95%-3.10%

(Unit : million Baht)

Consolidated financial statement						
2009						
7 - 12						
	At call	1 - 6 months	months	Over 1 year	Total	Interest rate
<u>Financial assets/liabilities</u>						
Fixed deposits with banks	-	0.81	-	-	0.81	0.25%-0.50%
Restricted deposits with banks	-	70.64	-	-	70.64	0.25%-3.70%

(Unit : million Baht)

Separate financial statement						
2010						
7 - 12						
	At call	1 - 6 months	months	Over 1 year	Total	Interest rate
<u>Financial assets/liabilities</u>						
Fixed deposits with banks	-	0.07	-	-	0.07	0.95%
Restricted deposits with banks	-	14.75	-	-	14.75	0.95%

(Unit : million Baht)

	Separate financial statement					Interest rate
	2009					
	At call	1 - 6 months	7 -12 months	Over 1 year	Total	
<u>Financial assets/liabilities</u>						
Fixed deposits with banks	-	0.76	-	-	0.76	0.25%-0.50%
Restricted deposits with banks	-	11.00	-	-	11.00	0.25%-0.50%

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 and long-term loan bears the floating interest rate.

## 24 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 December 31, 2010 and 2009 as follows:

(Unit : Thousand Baht)

	Consolidated financial statement					
	2010					
	Sales of computer hardware and software	Services and maintenance income	Rental income	Total Domestic	Subsidiary's business in Malaysia	Total
Revenues	301,291	56,049	2,752	360,092	833,371	1,193,463
Cost of sales and services	(225,903)	(26,038)	(1,008)	(252,949)	(752,751)	(1,005,700)
Gross profit	75,388	30,011	1,744	107,143	80,620	187,763
Gain (loss) on exchange rate				(746)	320	(426)
Other income				1,013	8,466	9,479
Selling expenses				(8,557)	(5,198)	(13,755)
Administrative expenses				(53,048)	(45,328)	(98,376)
Management remunerations				(10,973)	(10,134)	(21,107)
Finance cost				(663)	(23,130)	(23,793)
Share of profit of investments in associated companies				3,775	-	3,775
Income tax				(4,657)	(4,160)	(8,817)
Net profit				33,287	1,456	34,743
Total assets	266,838	16,282	1,717	284,837	420,316	705,153

(Unit : Thousand Baht)

## Consolidated financial statement

	2009					
	Sales of computer hardware and software	Services and maintenance income	Rental income	Total Domestic	Subsidiary's business in Malaysia	Toal
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 expenses				(10,084)	(6)	(10,090)
Administrative expenses				(52,812)	(6,136)	(58,948)
Finance cost				(653)	(2,736)	(3,389)
Share of profit of investments in associated companies				3,864	-	3,864
Income tax				(1,967)	(6,573)	(8,540)
Net profit				8,751	19,379	28,130
Total assets	230,263	14,327	2,205	246,795	746,588	993,383

(Unit: Thousand Baht)

Separate financial statement				
2010				
	Sales of computer hardware and software	Services and maintenance income	Rental income	Total
Revenues	276,735	55,782	2,752	335,269
Cost of sales and services	(218,032)	(26,038)	(1,008)	(245,078)
Gross profit	58,703	29,744	1,744	90,191
Loss on exchange rate				(916)
Other income				1,325
Dividend income				25,173
Selling expenses				(8,398)
Administrative expenses				(59,134)
Interest expense				(447)
Income tax				(4,657)
Net profit				43,137
Total assets	268,256	16,282	1,717	286,255

(Unit: Thousand Baht)

	Separate financial statement			
	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 expenses				(9,643)
Administrative expenses				(48,234)
Interest expense				(496)
Income tax				(1,967)
Net profit				5,053
Total assets	219,857	14,327	2,205	236,389

## 25 EXPENSES BY NATURE

Significant expenses by nature are as follows:

(Unit : Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Changes in inventories	(120,060)	33,537	(13,778)	8,803
Purchase of goods	872,811	372,895	205,009	101,101
Salary and wages and other employee benefits	72,720	45,585	43,824	34,824
Depreciation and amortisation	15,463	16,785	11,694	14,994
Cost of warranty	11,512	7,649	11,512	7,649
Rental expense	6,973	4,866	3,659	3,471
Purchase of software	431	1,216	18,151	10,457

26 INCOME TAX

(Unit: Thousand Baht)

	Consolidated financial statement		Seprate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Net income before tax	43,559	36,596	47,793	7,021
<u>Add</u>				
Non-allowable expenses	19,388	8,605	4,354	8,384
Net loss from a subsidiary	4,221	5,820	-	-
<u>Less</u>				
Tax exempted income	(11,369)	(8,315)	(28,864)	(5,570)
BOI privilege income from a subsidiary company	(15,511)	(6,580)	-	-
Net taxable income	40,288	36,126	23,283	9,835
Income tax	8,817	8,540	4,657	1,967

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 October 11, 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.

27 COMMITMENTSCorporate guarantee

As at December 31, 2010, the Company provides the corporate guarantee to the financial institution of the subsidiary company in Malaysia and the guarantee amount will not exceed 60% of the subsidiary's debt due to the financial institution based on the percentage of shareholding that the Company holds 60% of total shares of the subsidiary.

Bank guarantee

As at December 31, 2010 and 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 5.74 million and Baht 3.19 million, respectively.

Operating lease commitments

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

(Unit : Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Due within 1 year	1,544	4,630	1,157	3,471
Due over 1 year but not over 5 years	-	1,544	-	1,157
Total	1,544	6,174	1,157	4,628

28 SUBSEQUENT EVENTS

At the Board of Director's Meeting No. 2/2011 on 25th February 2011, the meeting passed the significant resolutions as below:

28.1 Approved the issuance and of warrants to purchase the Company's ordinary shares offering to directors and employees of the Company amounting to 2,650,000 units with the price of Baht 0.00 per unit, the exercise price at Baht 3.48 , warrant term is within 5 years and offering period is within 1 year following the approval of shareholders and to be proposed to the shareholders' meeting for approval.

28.2 Approved the decrease of the Company's registered capital from Baht 88,700,000 to Baht 83,100,000 by deleting the unsold shares of 5,600,000 shares with the par value of Baht 1 each and to be proposed to the shareholders' meeting for approval.

28.3 Approved the increase of the Company's registered capital from Baht 83,100,000 to Baht 85,750,000 by issuing ordinary shares of 2,650,000 shares with the par value of Baht 1 each in order to accommodate for the exercise of warrant and to be proposed to the shareholders' meeting for approval.

The resolutions of the Board of Director's meeting No. 1/2011, held on February 21, 2011, approved to pay a dividend from its operations for the year 2010 at Baht 0.15 per share, totaling Baht 12.47 million. The approval for dividend payment will be further proposed at the Annual Shareholders' Meeting for the year 2011 for the consideration and approval.

29 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors on February 25, 2011.



# 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.