

Vision

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

Mission

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

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General Information

Company

Name	Simat Technologies Public Company Limited
Nature of business	<ol style="list-style-type: none"> 1. To provide total solution of Information Technologies services 2. To provide broadband internet services
Office address	<p>No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520</p> <p>Tel : (66) 0 2326 0999</p> <p>Fax : (66) 0 2326 1014</p>
Registration date	<p>Registered as public Company on 18 July 2006</p> <p>Register no. 0107549000122</p> <p>Listed in the Stock Exchange of Thailand (MAI) on 12 December 2007</p>
Paid-up share capital	<p>Baht 436,924,252 (436,924,252 common shares at par value of Baht 1 each)</p> <p>Share registered: 516,550,596 common shares</p>
Registrar	<p>Thailand Securities Depository Co., Ltd.</p> <p>The Stock Exchange of Thailand Building,</p> <p>93 Rachadapisek Road, Dindaeng,</p> <p>Bangkok 10400</p> <p>Tel : (66) 0 20099999</p> <p>Fax : (66) 0 20099991</p>
Auditor	<p>Mr. Sathien Vongsanan, CPA license no. 3495 or</p> <p>Mr. Atipong Atipongsakul, CPA license no. 3500 or</p> <p>Mr. Vichai Ruchitanont, CPA license no. 4054</p> <p>ANS Audit Co., Ltd.</p> <p>No. 100/31-32, 16th floor, 100/2 Vongvanich Bldg. Tower B, Rama 9 road, Huaykwang, Bangkok 10310</p> <p>Tel : (66) 0 2645 0109</p> <p>Fax : (66) 0 2645 0110</p>
Investor relation coordinator	<p>Mr. Thammanoon Korkiatwanich</p> <p>Mr. Roengsak Sae-Eung</p> <p>Tel : (66) 0 2326 0999 ext. 1211, 1213</p> <p>Fax : (66) 0 2326 1014</p>
Company website	www.simat.co.th

Subsidiary companies

Name	Simat Soft Company Limited
Nature of business	Develop program computer
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 31 August 2006 Register no. 0105549104791
Paid-up share capital	Baht 3,000,000 (300,000 common shares at par value of Baht 10 each) Share registered: 300,000 shares
% of share holding by Company	100%

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

Name	Simat Telecom Company limited (Formerly "E-Tech Distribution")
Nature of business	To provide maintenance services of fiber optic network
Office address	No. 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung road, Lamplatew sub-district, Ladkrabang district, Bangkok 10520 Tel : (66) 0 2326 0999 Fax : (66) 0 2326 1014
Registration date	Registered as Company limited on 13 March 2009 Register no. 0105552026640
Paid-up share capital	Baht 5,000,000 (500,000 common shares at par value of Baht 10 each) Share registered: 500,000 shares
% of share holding by Company	100%

Subsidiary companies

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

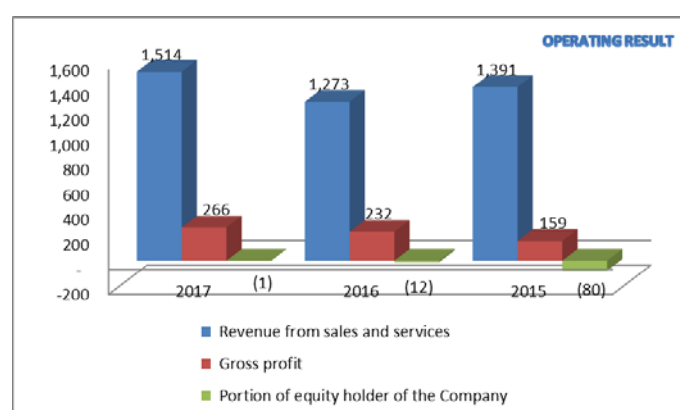
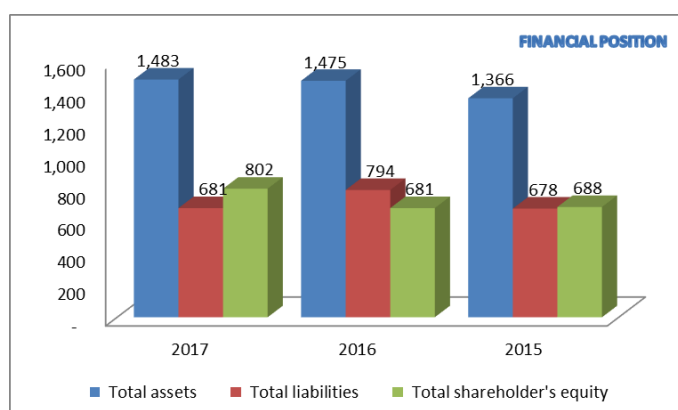
Associate companies

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

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

Financial Highlights

Consolidated Financial Statements	2017	2016	2015
Unit : Baht Million			
Revenues from sales and services	1,514	1,273	1,391
Gross profit	266	232	159
Net profit	-1	-12	-80
Total assets	1,483	1,475	1,366
Shareholders' equity	802	681	688
Unit : Baht			
Par value	1.00	1.00	1.00
Earnings per share	0.00	-0.03	-0.21
Dividends per share	-	-	-
Total assets per share	3.39	3.72	3.47
Shareholders' equity per share	1.84	1.72	1.75
Financial ratio			
Net profit margin	-0.1%	-0.3%	-5%
Gross profit margin	18%	18%	11%
Net profit / Total assets	-0.1%	-1%	-6%
Net profit / Shareholders' equity	-0.1%	-2%	-12%
Debt / Equity	85%	117%	99%



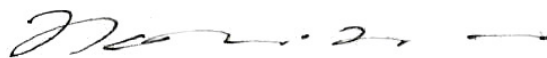
Report from Board of Directors

In 2017, Thai economy grew by 3.9 percent, improving from 3.2 percent in 2016, with growing along with export and tourism and corresponding with the world economy recovery. The domestic demand gradually grows while there is a delay in government spending. Thai economy was growing significantly by good export with the good expansion of the world economy.

The company's operating performance in 2017 was loss of Baht 1 million while the net loss for the prior year was Baht 12 million. The overall operating result for the year 2017 has been significantly improved from the prior year about Baht 11 million due to the improvement of performance from the increase of profit of IT solution business and the decrease in net loss of broadband business. The IT solution business has recognized revenue and profit from the project for sale and implementation of ERP to Government Housing Bank. The decrease in net loss of Broadband business arises from the increase in accumulated subscribers. The decrease in net profit of Label business arises from the decrease in sale price and sale volume to customer in smartphone group due the delay of the launch of new smartphone model and the response from the new product is not good as prior year and the net loss from subsidiary in Malaysia from the increase in allowance for doubtful account in the last quarter of the year.

However, the Company's overall business trend in 2018 will be improved significantly as the Company has acquired Hinsitsu (Thailand) Co., Ltd., engaging in business of silk screen printing on the electric control panel of electric appliances such as washing machine, Microwave, etc. which their customers are the worldwide famous manufacturers of electric appliances more than 20 Brands. This acquisition will enhance and support the improvement of the group operating result. Moreover, the Company expects that the broadband business will improve their performance continuously as we focus more on the expansion of business market and the Label Business will continuous grow as well while the subsidiary in Malaysia shall deliver of big lot of hardware under the government project. The Company expects to have the good performance for the year 2018.

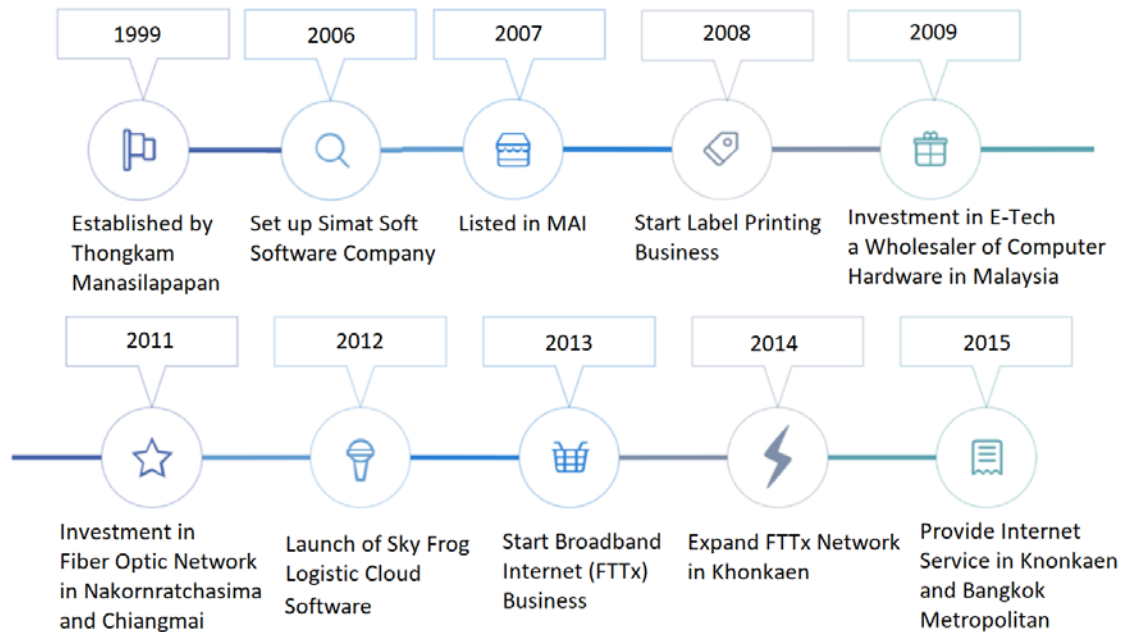
In 2018, the Company and its employees will dedicate to work hard to achieve the target net profit and for the highest benefit of shareholders and stakeholders.



(Mr. Thongkam Manasilapapan)

Chairman

Significant Change and Development



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

In 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.

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

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

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

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

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

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

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

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

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

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

Board of Directors



Mr. Thongkam Manasilapapan

Chairman

Percentage of Shareholding: 20.98% (Include related person)

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

Specialized experience: expert in IT Business

Relationship among management: None

Participation in Board of Directors' meeting in year 2017: 5/5 times

Education:

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

Work experience:

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



Mr. Theeranut Tangsathapornpong

Director

Percentage of Shareholding: 0%

Specialized experience: expert in investment

Relationship among management: None

Participation in Board of Directors' meeting in year 2017: -

Remark: According to the board of director's meeting no. 1/2018 on 26 February 2018, Mr. Theeranut Tangsathapornpong was appointed as director under the board's jurisdiction and the appointment shall take effect since 26 February 2018.

Education:

- Master Degree in Master's Degree of Arts (Economics), Thammasat University
 - Bachelor Degree of Arts (Economics), Thammasat University
 - Certified Investment and Securities Analyst (CISA) Securities Analysts Association, Thailand
 - Training in Director Certification Program (DCP), Thai Institute of Directors
-

Work experience:

Period	Title	Name of / Company
2018 – present	Director	Simat Technologies PCL.
2017 - present	Audit committee and Independent Director	Filter-Vision PLC.
2015 – present	Audit committee and Independent Director	Chayo Group PLC.
2015 – present	Deputy Managing Director	KTB Securities Co., Ltd.
2011 - 2015	Chief Financial Officer	Globlex Securities Co., Ltd.
2010 - 2011	Vice President	TSFC PLC.
2010	Vice President	KT-Zmico Securities Co., Ltd.
2002 - 2010	Chief Investment Officer	Watanachoedchu Co., Ltd.
1999 - 2002	Fund Manager	BFIT Securities Co., Ltd.
1996 - 1999	Equity Analyst	BFIT Securities Co., Ltd.



Mr.Thanayous Kositsakul

Director

Percentage of Shareholding: 2.45%

Specialized experience: expert in Financial and Management

Relationship among management: None

Participation in Board of Directors' meeting in year 2017: -

Remark: According to the board of director's meeting no. 1/2018 on 26 February 2018, Mr.

Thanayous Kositsakul was appointed as director under the board's jurisdiction and the appointment shall take effect since 26 February 2018.

- Education:
- Master Degree in Master of Science in Finance, University of Colorado at Denver, USA
- BBA Faculty of Commerce and Accountancy Chulalongkorn University

Work experience:

Period	Title	Name of / Company
2018 – present	Dircetor	Simat Technologies PCL
2015 – present	Managing Director	Toyota GND Chonburi Co., Ltd.
1998 – present	Managing Director	Toyota Charoenkha (1961) Co., Ltd.
2012 – present	Managing Director	KH Cycle (Thailand) Co., Ltd.
2009 – present	Managing Director	T.A.F.F. Co., Ltd.



Mr. Pakin Pinto

Director

Percentage of Shareholding: 2.58% (Include related person)

Specialized experience: expert in IT and Broadband Internet Business

Relationship among management: None

Participation in Board of Directors' meeting in year 2017: -

Remark: According to the board of director's meeting no. 2/2018 on 22 March 2018, Mr.

Pakin Pinto was appointed as director under the board's jurisdiction and the appointment shall take effect since 23 March 2018.

Education:

- Diploma Automotive Technology, Holland College, Charlottetown, Prince Edward Island, Canada

Work experience:

Period	Title	Name of / Company
2018 – present	Director	Simat Technologies PCL
2018 - present	Vice President – IT and Broadband Business	Simat Technologies PCL
2015 - 2017	General Manager-Broadband Business	Simat Technologies PCL
2011 – 2013	Shop Foreman	Hemphill GM, Prince Edward Island, Canada
2009 – 2010	Parts Specialist	Island Auto Supply, Prince Edward Island, Canada
2007 - 2008	Assistant Parts Manager	Capital Honda, Prince Edward Island, Canada
2006 - 2007	Automotive Service Technician	Capital Honda, Prince Edward Island, Canada



Mr. Thammanoon Korkiatwanich

Director

Percentage of Shareholding: 0.34%

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 2017: 5/5 times

Education:

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

Work experience:

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



Mr. Vorachi Charoenprasittiporn

Independent Director

Percentage of Shareholding: 0%

Specialized experience: expert in business management

Relationship among management: None

Participation in Board of Directors' meeting in year 2017: 5/5 times

Education:

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

Work experience:

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

Nature of relationship

Number of Company's share holding: None

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

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

Act as a Director/Others at present

- Other Listed Companies: None
- Non-Listed Companies: 8 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 2017: 5/5 times

Participation in Audit Committees' meeting in year 2017: 5/5 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.
Nov' 2017 - present	Director	AQ Village Co., Ltd.
Nov' 2017 - present	Director	AQ Property Management Co., Ltd.
Nov' 2017 - present	Director	AQ Marketing Service Co., Ltd.
Nov' 2017 - present	Director	Aquarius Estate Co., Ltd.
Nov' 2017 - present	Director	Aquarius Hotel and Resort Co., Ltd.
Nov' 2017 - present	Director	Villa Nakarin Co., Ltd.
Nov' 2017 - present	Director	Baanchid tara Co., Ltd.
Nov' 2017 - present	Director	Thanon Property Co., Ltd.
Nov' 2017 - present	Director	Vitoonthanakorn Co., Ltd.
Nov' 2017 - present	Director	Freezone Asset Co., Ltd.
Jun'09 - present	Director of Business Incubator	Sripathum University
Jun' 2017 - present	Head of Finance	Sripathum University
Oct' 2015 - present	Director	AQ Estate PCL.
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: Yes - Non-Listed Companies: Yes - 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 2017: 5/5 times

Participation in Audit Committees' meeting in year 2017: 5/5 times

Education:

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

Work experience:

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

Nature of relationship

Number of Company's share holding: None

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

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

Act as a Director/Others at present

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



Ms. Kanwara 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 2017: 5/5 times

Participation in Audit Committees' meeting in year 2017: 5/5 times

Education:

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

Work experience:

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

Nature of relationship

Number of Company's share holding: None

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

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

Act as a Director/Others at present

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

Executive committee



Mr. Thongkam Manasilapapan

Chief Executive Officer

Percentage of Shareholding: 20.98% (Include related person)

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

Specialized experience: expert in IT Business

Relationship among management: None

Education:

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

Work experience:

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



Mr. Thammanoon Korkiatwanich

Chief Financial Officer

Percentage of Shareholding: 0.34%

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 / Chief Financial Officer	Simat Technologies PCL.
2008 – present	Director	Simat Label Co., Ltd.
2009 – present	Director	Simat Soft Co., Ltd.
2009 - present	Director	Simat Telecom Co., Ltd.
2005 – 2006	Audit Manager	PriceWaterHouseCoopers ABAS Limited
1999 – 2005	Audit Assistant	PriceWaterHouseCoopers ABAS Limited



Mr. Pakin Pinto

Executive Vice President – IT and Broadband Business

Percentage of Shareholding: 2.58% (Include related person)

Specialized experience: expert in management of IT and Broadband Internet

Relationship among management: None

Education:

- Diploma Automotive Technology, Holland College, Charlottetown, Prince Edward Island, Canada

Work experience:

Period	Title	Name of / Company
2018 – present	Director	Simat Technologies PCL
2018 - present	Vice President – IT and Broadband Business	Simat Technologies PCL
2015 - 2017	General Manager-Broadband Business	Simat Technologies PCL
2011 – 2013	Shop Foreman	Hemphill GM, Prince Edward Island, Canada
2009 – 2010	Parts Specialist	Island Auto Supply, Prince Edward Island, Canada
2007 - 2008	Assistant Parts Manager	Capital Honda, Prince Edward Island, Canada
2006 - 2007	Automotive Service Technician	Capital Honda, Prince Edward Island, Canada



Mr. Siraphop Lamchan

Executive Vice President – Label Business

Percentage of Shareholding: 0%

Specialized experience: expert in management of Label Printing Business

Relationship among management: None

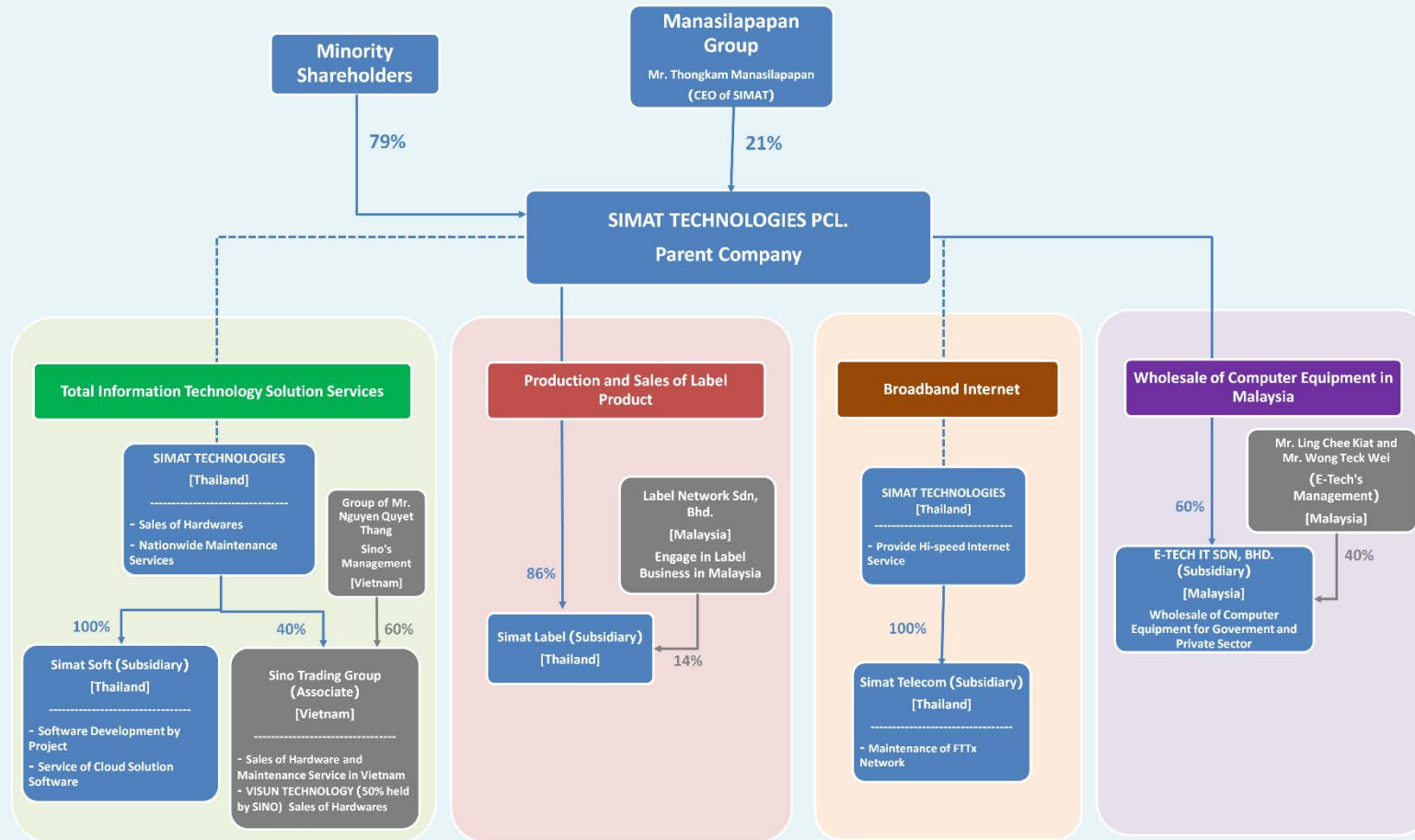
Education:

- Bachelor Degree : Science Faculty, Major Statistics, Mahasarakam University
- Master Degree : BBA – Marketing, Ramkhamhaeng University

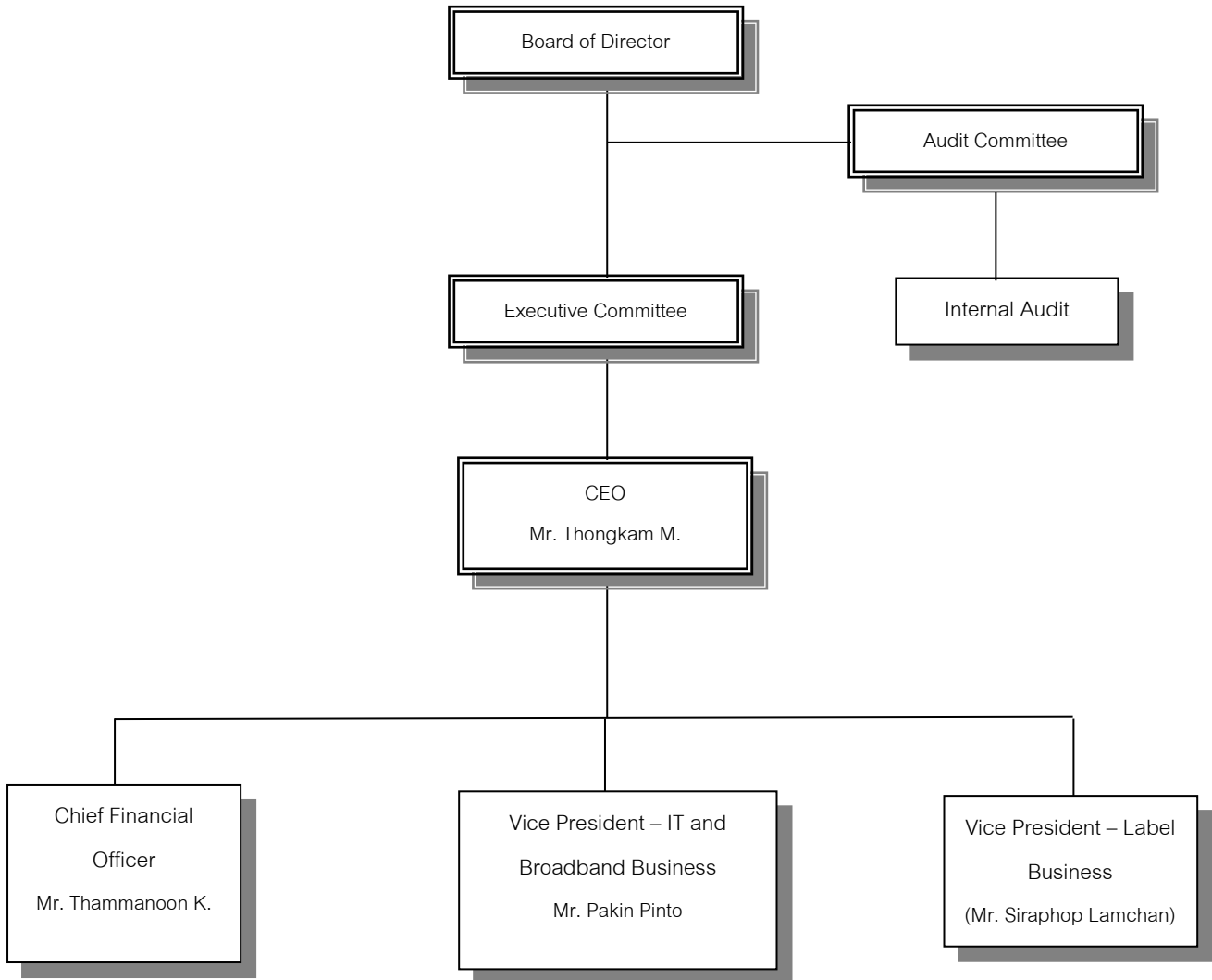
Work experience:

Period	Title	Name of / Company
2018 - present	Vice President – Label Business	Simat Technologies PCL
2017 - present	Managing Director	Simat Label Company Limited
2010 – 2017	General Manager	Simat Label Company Limited
2005 – 2010	Sale Manager	Brady Technologies (Thailand) Co., Ltd.
2000 - 2005	Assistant Sale Manager	Brady Technologies (Thailand) Co., Ltd.

Shareholding Structure of the Group Companies



Organization Chart



Head Office

- Accounting & Finance
- Admin & HRM
- Inventory
- Investor Relation
- Information Technologies
- Programmer
-

IT and Broadband Business

- Sales & Marketing
- Sales Coordinator
- Business Development
- Purchase
- Customer Relation
- Customer Service
- Service operation
- Repair & Maintenance
- Technical Sales Support

Label Business

- Sales & Marketing
- Production
- Quality Control
- Inventory

Major Shareholders and Dividend Policy

Top ten of shareholders and the amount of shares on the closing registration date as of February 27, 2018.

<i>Item</i>	<i>Shareholders</i>	<i>No. of shares</i>	<i>%</i>
1	Thongkam Manasilapapan	52,623,549	12.04%
2	Thai NDVR Co., Ltd.	28,078,428	6.43%
3	Natthapas Manasilapapan	25,000,000	5.72%
4	Nattapat Rangsan	20,700,000	4.74%
5	Thanawat Lertwattanak	19,052,400	4.36%
6	Natthapong Seetavorarat	19,000,000	4.35%
7	Chutikarn Manasilapapan	14,042,381	3.21%
8	Natthawut Pinto	11,266,904	2.58%
9	Thanayous Kositsakul	10,717,100	2.45%
10	Charin Sirawongtham	10,395,900	2.38%
	ผู้ถือหุ้นอื่นๆ	226,047,590	51.74%
	Total	436,924,252	100.00%

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

Nature of Business

Business Structure

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

Nature of Products or Services

Total Information Technology Solution Services

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

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

Manufacturing and sales of label product

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

Wholesale of computer hardware in Malaysia

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

Broadband business

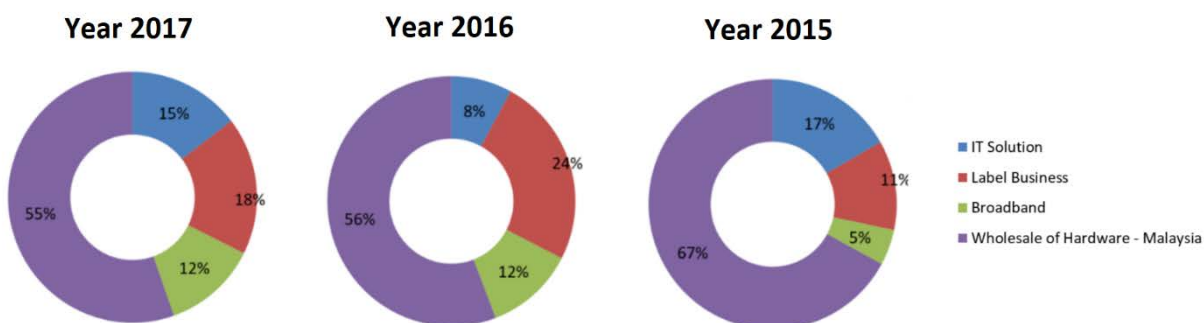
Broadband business which provides the hi-speed internet through optical fiber network (FTTx) for city of Nakornratchasima, Chiangmai, Khonkaen and Bangkok Metropolitan under the brand of "Sinnet". The target customers are home-use consumer and Small and medium enterprise (SME).

Nature of Business

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

Revenue Structure

Revenue Structure by Business Segment	IT Solution	Label Business	Broadband	Wholesale of Hardware - Malaysia	Total
Unit : Million Baht					
Year 2017	221 15%	269 18%	185 12%	839 55%	1,514 100%
Year 2016	101 8%	313 25%	148 12%	710 56%	1,272 100%
Year 2015	233 17%	161 12%	64 5%	933 67%	1,391 100%



Industrial Outlook and Competitive Environment

IT Market in Thailand

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

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

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

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

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

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

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

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

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

The Broadband Business in Thailand

Fixed Broadband Internet Market

Number of internet subscribers

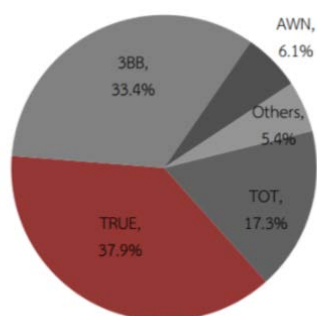
At end of quarter 3/2017, there were 7,884.6 thousand subscribers which increased from prior quarter about 1.2%. With consideration of penetration rate of hi-speed internet, there was an increasing trend by 36.97% of household at end of quarter 3/2017 which increased from prior quarter about 1.2%. IDC research (Thailand) found that xDSL internet connection has the most portion at 59.94% of total connections following by fiber optical at 21.25%, cable broadband at 16.62% and others at 2.18%. Fiber optical is increasing while xDSL is declining.

	3Q2559	4Q2559	1Q2560	2Q2560	3Q2560	% change YoY	% change QoQ
Hi-speed internet subscribers ('000 subscribers)	6,952.7	7,218.6	7,573.0	7,794.5	7,884.6	13.4%	1.2%
% of fixed line per population	10.31%	10.70%	11.19%	11.52%	11.65%	13.1%	1.2%
% of fixed line per household	32.60%	33.85%	35.51%	36.55%	36.97%	13.4%	1.2%
Portion of hi-speed internet connection separate by type of connection							
Cable Broadband	8.91%	8.80%	12.97%	15.82%	16.62%	86.6%	5.1%
Fiber optical	18.52%	20.48%	21.09%	21.20%	21.25%	14.8%	0.3%
Others	2.90%	2.91%	2.51%	2.33%	2.18%	-24.9%	-6.5%
xDSL	69.67%	67.82%	63.44%	60.66%	59.94%	-14.0%	-1.2%

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

Source: IDC Research (Thailand)

Market structure, market share and competition level



Market share of hi-speed internet

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

- At end of quarter 3/2017, True had the biggest market share at 37.9%, 3BB at 33.4%, TOT at 17.3%, AWN at 6.1% and others at 5.4%
- HHI index of Hi-speed internet market is constant at 2,911 at end of quarter 3/2017.

	3Q2559	4Q2559	1Q2560	2Q2560	3Q2560	% change YoY	% change QoQ
Fixed Broadband Market Share							
TOT	18.4%	17.5%	17.9%	17.3%	17.3%	-6.2%	0.0%
TRUE	38.2%	38.4%	38.1%	38.0%	37.9%	-0.9%	-0.4%
3BB	33.7%	33.5%	33.3%	33.5%	33.4%	-1.1%	-0.5%
AWN	2.8%	4.2%	4.9%	5.7%	6.1%	117.7%	6.7%
Others	6.8%	6.4%	5.7%	5.5%	5.4%	-21.0%	-1.2%

Market share and HHI Index of Fixed Broadband Market as at end of Q3-2017

Source: Education and Group Telecom resource management offices

In Quarter 3/2017, the total revenue of hi-speed internet was Baht 16,800 million which increases from prior quarter about 1.2% and the average package price is Baht 642 per month which decreases from prior quarter about 1.7% and the average price is at Baht 0.04 per Kbps which equal to the prior quarter.

	3Q2559	4Q2559	1Q2560	2Q2560	3Q2560 ^P	% เปลี่ยนแปลง YoY	% เปลี่ยนแปลง QoQ
Revenue of fixed broadband (Million Baht)	14,900	15,000	16,100	16,600	16,800	12.8%	1.2%
Average price (Baht/Kbps)	0.04	0.04	0.03	0.02	0.02	-57.6%	0.0%
ADSL	0.04	0.04	0.04	0.02	0.02	-51.0%	0.0%
FTTX	0.03	0.03	0.01	0.01	0.01	-66.7%	0.0%
Average revenue per month per number (Baht/month)	617	596	617	631	642	4.1%	1.7%
TOT	731	636	681	678	685	-6.3%	1.0%
TRUE	590	591	600	600	600	1.7%	0.0%
3BB	648	648	648	646	646	-0.3%	0.0%
AWN	498	510	541	600	637	27.9%	6.2%

High Peed Internet Revenue

Source: Education and group telecom resource management offices

The revenue of broadband internet business of the Company in 2017 increases continuously with the following factors:

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

In year 2018, the Company has strategies for broadband internet business as below:

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

Label market for electronic and electrical appliances manufacturing

Electrical Appliance Industry

The production of electrical appliance for the year 2017 decreased 3.06% from prior year including Air Condition, Compressor, Fan, Refrigerator, Microwave, Boiler and Rice Cooker due to the decrease in domestic demand and the international demand while there is an increase in export of the Circuit Breaker and component, Electrical switch and control and refrigerator in US, China, EU, Japan and ASEAN Market.

Production Index, Domestic Sale, Import and Export of Electrical Appliances



Source : Office of Industrial Economics

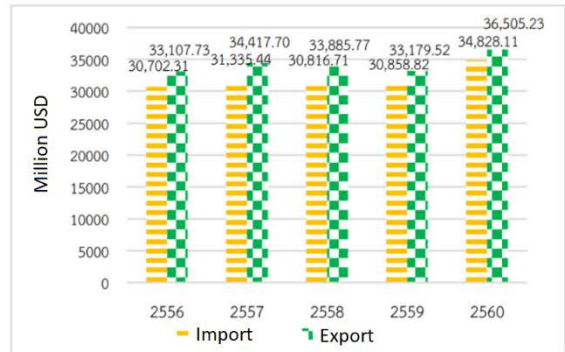
The Trend of Electrical Appliance Industry for 2018

“In year 2018, it is expected that the production and export of electrical appliances shall be stable by minor increase about 1% and 3%, respectively, as domestic and international market is recovery. The product with trend of growth is Washing Machine, especially in US Market while the product with trend of decline is Air Condition as the decline in export to ASEAN market due to the high competition.”

Electronic Industry

The production of electronic for the year 2017 increased 7.51% from prior year including Semiconductor, IC, HDD and PCBA due to the increase in world demand and increase in export to Japan, ASEAN, China, EU and US Market.

Production Index, Import and Export of Electronics



Source : Office of Industrial Economics

The Trend of Electronics Industry for 2018

“In year 2018, it is expected that the production of electronics shall increase by 5% and the export to the main market shall increase by 7%. The product with trend of growth is IC which it is the important parts to develop component parts of Smart Phone and Tablet with high technology.”

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

Risk Factors

Total IT Solution Business

Risk from economy recession and the change of market demand

Nature, cause, effect, trend and action taken

- The economy recession effect the IT Solution business by reduction of purchase orders together with the trend of low pricing hardware makes the customer not interested in maintenance contract.
- This may cause reduction in revenue and net profit.
- In 2017 and 2018, the Company has downsized this business to match with the current market by transferring personnel to the well growing broadband internet business and to maintain some good margin customer groups.

Label Business

Risk from relying on major customer group

Nature, cause, effect, trend and action taken

- The Company supplies label product to the main customer group which is smartphone manufacturer about 50% of total revenue.
- If this customer group is discontinued, it will effect to the revenue and net profit.
- In 2017 and 2018, the Company has expanded this business to other customer group such as electric appliance. The Company targets to have sale proportion of other customer group rather than smartphone manufacturer at least 50% of total revenue.

Broadband Internet Business

Risk from competition

Nature, cause, effect, trend and action taken

- Currently, the business of providing hi-speed broadband internet is highly competitive since competitors invested to expand the fiber optic network in many coverage areas, especially, the major telecommunication provider who provides both mobile internet and fixed broadband and to penetrate the market by low pricing strategy.
- This may cause the reduction of the Company's internet subscribers and effect to revenue and net profit.
- In 2017 and 2018, the Company pays attention to improve and maintain the high quality of internet network as well as the installation and maintenance services which are the core competency of this business. The Company has the market positioning on high quality internet at affordable price rather than low pricing.

Risk from limitation of liquidity and source of fund

Nature, cause, effect, trend and action taken

- Broadband internet is the business that requires high investment for network expansion and installation per new subscriber. The average payback period per each subscriber is around 12 – 14 month. If the new subscribers per month increase so much, the Company may have a liquidity problem.
- In 2017 and 2018, the Company has 2 financing plans:
 - Investment of terminal units at customer site which are optical network unit (ONU) and router will be financed by leasing company
 - Investment of fiber optic wiring for both equipment and labor cost will be financed by financial institution

Risk factor of subsidiary's business in Malaysia

- Risk associated with low margin business

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

- Risk from the dependency on government projects

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

- (1) The volatility of income

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

- (2) The long outstanding trade receivables

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

Good Corporate Governance Practice

Good Corporate Governance Practice

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

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

1. Rights of Shareholders

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

In 2017, the Company implemented the followings:

1.1 Shareholder's Meeting

- Organized the 2017 annual shareholders' meeting at the Company's meeting room no. 123 Soi Chalongkrung 31, Ladkrabang industrial estate, Chalongkrung road, Lamplatew, Ladkrabang, Bangkok. The Company arranged the vans to make shareholders convenient for travelling.
- Distributed the notice calling for shareholders meeting 14 days in advance and attached with agendas and other relevant documents such as minutes of last shareholders meeting, the annual report, preliminary information of the directors who are due to retire and are nominated to directorship for another term and the new director, preliminary information of the auditor, articles of association that relevant to this meeting, proxy form and letter advising the documents needed for attending the meeting and map of the meeting venue.

1.2 Action taken at shareholder's meeting date

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

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

1.3 Preparation and disclosure of the minute of meeting

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

2. Equitable Treatment of Shareholders

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

2.1 Attending shareholders' meeting by proxy

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

2.2 Safeguard of internal information

The Company had adopted the safeguard and investigation system for the use of internal information for inappropriate personal gain. All directors and management must report the changes in holding of the Company's securities to the Security Exchange Commission. All directors, management are employees who involved in the internal information are prohibited to disclose such information to outsider people or people whose job is not

involved with the information. Also, all directors, management and employees who involved with the preparation of the financial reports are prohibited to sell or buy the Company's securities one month before the information is disclosed to the public.

2.3 Director's interest

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

3. Roles and Rights of Stakeholders.

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

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

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

In 2017, the Company implemented the Codes of Conduct as follows:

3.1 Policy and Guidelines Relative to Shareholders.

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

3.2 Policy and Guideline Relative to Employees

The Company strongly believes that employees are the most valuable resources of the Company, it therefore encourage employees to learn and develop their skills continuously. The Company has provided fair and suitable

remunerations to employees by comparing with other companies that have similar size and similar nature of business. Besides, The Company has provided sufficient welfares to employees that reflect the current circumstances. In 2016, the Company had implemented the followings for the employees:

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

3.3 Policy and Guidelines relative to Customers.

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

3.4 Policy and Guidelines relative to Partners.

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

3.5 Policy and Guidelines Relative to Creditors

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

3.6 Policy and Guidelines Relative to Competitors

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

3.7 Policy and Guidelines Relative to Independent Auditors

The Company realizes the importance of the Independent Auditors as the key mechanism of shareholders in auditing the Management's performance and to ensure that the financial reports are correct, complete and reliable and has given full supports to the Independent Auditors by providing them correct and complete information, as well as providing them convenience during their auditing process. The financial statements for the year 2017 were audited by the Independent Auditor and the Independent auditor expressed an unqualified opinion to the Company's financial statements on the auditor's report.

3.8 Policy and Guidelines Relative to Social and Environment

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

Stakeholder's Channel of Communication

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

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

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

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

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

4. Disclosure and Transparency.

The Company has a policy to pay attention to the disclosure and transparency with regard to the corporate governance. In 2017, The Company had disclosed information both the financial information and other information correctly, accurately, transparently and on time, in accordance with the regulations of the stock Exchange Commission and the Stock Exchange of Thailand as follows:

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

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

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

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

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

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

4.5 The Board of Directors had selected the Independent Auditors who are independent and have no conflict of interests with the Company and the auditors have been approved by S.E.C. The Company has appointed the auditors from ANS Audit Co., Ltd. As the Company's auditor for the year 2017 as recommended by the Audit committee as follows:

Mr. Sathien Vongsanan, CPA license no. 3495 or

Mr. Atipong Atipongsakul, CPA license no. 3500 or

Mr. Vichai Ruchitanont, CPA license no. 4054

The audit fee for year 2017 is 2,211,000 Baht which is the rate close to the fee paid by other companies with similar size and similar nature of business,

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

5. Responsibilities of the Board

The Board of directors is responsible to shareholders in carrying out the Company's business in compliance with the laws and regulations of the Stock Exchange Commission and the Stock Exchange 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 2017, the Board of Directors has performed its duties as follows.

5.1 Board Structure

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

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

1.	Mr. Thongkam Manasilapapan*	Chairman
2.	Mr. Pakin Pinto**	Director
3.	Mr. Thanayous Kositsakul***	Director
4.	Mr. Theeranut Tangsathapornpong***	Director
5.	Ranchana Rachatanavin, Phd.	Independent Director/Chairman of Audit Committee
6.	Mr. Narongrit Rerkpattanapipat	Independent Director/Audit Committee
7.	Ms. Kanwara Aурpokaiyakul	Independent Director/Audit Committee
8.	Mr. Vorachai Charoonprasitporn	Independent Director
9.	Mr. Thammanoon Korkiatwanich	Director

Remark:

* : According to the board of director's meeting no. 1/2018 on 26 February 2018, Mr. Thongkam Manasilapapan was appointed as Chairman to replace Mr. Tan Bak Hong who resigned and this shall take effect since 26 February 2018.

** : According to the board of director's meeting no. 2/2018 on 22 March 2018, Mr. Pakin Pinto was appointed as director under the board's jurisdiction and the appointment shall take effect since 23 March 2018.

*** : According to the board of director's meeting no. 1/2018 on 26 February 2018, Mr. Thanayous Kositsakul and Mr. Theeranut Tangsathapornpong was appointed as director under the board's jurisdiction and the appointment shall take effect since 26 February 2018.

The Board of Directors is composed of 3 directors who are Executive committee, 4 Independent directors and 2 directors who are not Executive committee.

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

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

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

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

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

5.2 Sub-Committees

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

5.3 Role and Responsibilities of the Board

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

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

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

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

5.4 Board of Directors' Meeting and Directors' Remuneration

- The Board of Directors has had regular meeting every quarter and may have additional meeting when it is necessary. In every meeting, the Board had clearly fixed the agenda and had sent the notice calling for the meeting which more than 7 days in advance so that the Board of Directors shall have sufficient time to study the information. Minutes of meeting had been written correctly and accurately, and the minutes of meeting that certified by the Board had been kept properly so that the Board of Directors and other involved persons can investigate them accordingly. In 2017, the Board of Directors had 5 meetings and each meeting took approximately 3 hours and the attendance of the Board of Directors is as follows:

Name	Position	Board of Director Meeting in 2017	
		No. of Meetings	Attendance
Mr. Tan Bak Hong*	Chairman	5	3
Mr. Thongkam Manasilapapan	Vice Chairman	5	5
Mr. Tan Bak Leng*	Director	5	3
Mr. Tan Chuan Hock*	Director	5	2
Mr. Natthawut Pinto**	Director	5	3
Mr. Thammanoon Korkiatwanich***	Director	5	5
Mr. Vorachai Charoonprasitporn	Independent Director	5	5
Ranchana Rachatanavin, Phd.	Independent Director and Chairman of Audit Committee	5	5
Mr. Narongrit Rerkpattanapipat	Independent Director and Audit Committee	5	5
Ms. Kanwara Aurlpokaiyakul	Independent Director and Audit Committee	5	5

Remark:

* Mr. Tan Bak Hong, Mr. Tan Bak Leng and Mr. Tan Chuan Hock resigned from director position since 15 February 2018.

** Mr. Natthawut Pinto resigned from director position since 22 March 2018.

*** Mr. Thammanoon Korkiatwanich is in charge of Company Secretary

The authorized directors who can on act on behalf of the Board of Directors are the signature of Mr. Thongkam Manasilapapan and Mr. Thammanoon Korkiatwanich and affix the Company seal. Details of the roles, duties and responsibilities can be seen from the Report Form 56-1 and from the Company's website www.simat.co.th

- The Board of Directors had fixed the meeting date in advance since the beginning of the year so that all directors and management can schedule their time efficiently.

- Chairman of the Board and Chief Executive Officer had considered the agendas together.

- Chairman of the Board had provided equal opportunity to each director to express his opinions, and the director who has interest in any agenda must leave the meeting room during the consideration of the agenda.

Audit Committee

The audit committee comprised of

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

In 2017, the Audit Committee had 5 meetings and each meeting took approximately 3-4 hours. The attendance of the Audit Committee's as follows:

Name	Total Meeting	Attendance
1. Ranchana Rajatanavin, Phd. (Chairman of Audit Committee)	5	5
2. Mr. Narongrit Rerkpattanapipat (Audit Committee Member)	5	5
3. Ms. Kanwara Aurlpokaiyakul (Audit Committee Member)	5	5

5.5 Board Self-Assessment

The Board of Directors has policy to encourage directors and management to constantly develop knowledge and skill. In 2017, Directors and management had regularly participated in various training programs and seminars, such as Executive Accounting and Finance Director attended the training program on Accounting Standards and Practices organized by the Federation of Accounting profession. Company Secretary and the Investor Relations Coordinator attended various training programs organized by the Investor Relations Association and the Stock Exchange of Thailand. The Chief Executive Officer and Managing Director had attended the training program on Sales Conference with Partners and Related Companies in foreign countries.

5.6 Directors' Remuneration

The Company had paid out the remuneration to directors in 2017 in form of gratuity and meeting Allowance as follows.

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

There is no meeting allowance and bonus for these Directors.

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

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

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

Total money paid to the Board for year 2016 is 1.32 million baht (Year 2016: 1.36 million baht).

In year 2017, the Company paid out remunerations to management 4 persons total 9.22 million baht. (Year 2016: 10.00 million baht)

Report from Board of Directors Relative to Financial Report

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

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

The Board of Directors has the opinion that the Company's overall internal control system is satisfactory and can be assured that the financial reports of Simat Technologies Public Company Limited and its subsidiaries for the year ended December 31, 2017 are accurate and fairly stated, as well as in compliance with the relevant laws and regulations.



(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. Ranchana Rajatanavin, Phd.	Chairman of Audit Committee
2. Mr. Narongrit Rerkpattanapipat	Member of Audit Committee
3. Ms. Kanwara Aurpokaiyakul	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 2017, the Audit Committee of the Company has opinions regarding to the following matters:

The Accuracy and Reliability of Financial Reports

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

The Adequacy of Internal Control System

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

The Compliance with Laws and Relevant regulations

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

The Appropriateness of Auditor

The Committee considered the independence and appropriateness of auditor and their remuneration and has the resolution to propose to appoint Mr. Sathien Vongsanan, CPA license no. 3495 or Mr. Atipong Atipongsakul, CPA license no. 3500 or Mr. Vichai Ruchitanont, CPA license no. 4054 from ANS Audit Co., Ltd. as the auditor of the Company and subsidiaries for the year 2018 and to propose this appointment for approval to the Board of Director and the Annual General Shareholders' Meeting for year 2018.

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 2017 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 2017, there are 5 meetings and the statistic of the attendance of meeting for each member is as follow:

Name	Total Meeting	Attendance
1. Ranchana Rajatanavin, Phd. (Chairman of Audit Committee)	5	5
2. Mr. Narongrit Rerkpattanapipat (Audit Committee Member)	5	5
3. Ms. Kanwara Aурpokaiyakul (Audit Committee Member)	5	5

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 2017 and 2016

Conflict of interest person/juristic person	Relationship	Nature of transaction	Transaction value ('000 Baht)		Ending balance ('000 Baht)		Necessity/Reasonableness and Audit Committees' comment
			2017	2016	31 Dec 2017	31 Dec 2016	
Grand-flo Spritvest Sdn. Bhd.	Mr. Tan Bak Hong (Director) is a major	Sales of Hardware (A/R-trade)	9,077	8,237	112	354	Goods that the Company and a subsidiary company in Malaysia sold to Grand-flo are the hardware products which sells under normal business condition.
Grand-Flo Solution Berhad	shareholder of Grand-flo Group Companies (Mr. Tan Bak Hong resigned from Director since 15 Feb 2018)	Short-term Loan	-	-	10,000	-	The Company borrow from Grand-flo group company with the limit loan amount not over Baht 20 million at interest rate of 5% per annum and payment within June 2018.
		Accrued interest	-	-	25	-	
		Interest expense	252	-	-	-	
Mr. Ling Chee Kiat	Director and shareholder of E-Tech IT (subsidiary)	Guarantee and loan from director with no interest charge	-	-	5,768	674	A subsidiary company in Malaysia received guarantee cash amounting Baht 5.77 million to guarantee the long outstanding debtor balance. Audit committees' comment is that this transaction deemed reasonable since it protects the benefit of the shareholders.
Mr. Thongkam Manasilapapan	Director	Short-term loan	-	-	3,000	-	The Company received financial support from loan from director at interest rate of 6% per annum. Audit committees' comment is that this transaction deemed reasonable since it protects the benefit of the 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.

Significant Financial Information

Consolidated Balance Sheet Unit: Million Baht	2017		2016		2015		Change			
							2017/2016		2016/2015	
Assets										
Current assets										
Cash and cash equivalent	36	2%	60	4%	58	4%	(24)	-40%	2	3%
Trade and other debtors - net	283	19%	246	17%	305	22%	37	15%	(59)	-19%
Inventories - net	92	6%	154	10%	73	5%	(62)	-40%	81	111%
Total current assets	411	28%	460	31%	436	32%	(49)	-11%	24	6%
Non-current asset										
Restricted deposit with financial institution	151	10%	152	10%	132	10%	(1)	-1%	20	15%
Investment in associate	33	2%	31	2%	29	2%	2	6%	2	7%
Plant, property and equipment - net	87	6%	143	10%	124	9%	(56)	-39%	19	15%
Optical fiber network and equipment	649	44%	610	41%	582	43%	39	6%	28	5%
Goodwill	45	3%	45	3%	45	3%	-	0%	-	0%
Investment property	53						53	n/a	-	n/a
Other non-current assets	54	4%	34	2%	18	1%	20	59%	16	89%
Total non-current assets	1,072	72%	1,015	69%	930	68%	57	6%	85	9%
Total assets	1,483	100%	1,475	100%	1,366	100%	8	1%	109	8%
Liabilities and shareholder's equity										
Liabilities										
Current liabilities										
Bank over-draft and short-term loan	277	19%	267	18%	190	14%	10	4%	77	41%
Trade and other creditors	222	15%	308	21%	251	18%	(86)	-28%	57	23%
Current portion of financial lease liabilities due within 1 year	34	2%	35	2%	13	1%	(1)	-3%	22	169%
Current portion of long-term loan due within 1 year	54	4%	60	4%	35	3%	(6)	-10%	25	71%
Current portion of payable for purchase of investment due within 1 year	13	1%	-	0%	15	1%	13	n/a	(15)	n/a
Other current liabilities	2	0%	12	1%	5	0%	(10)	-83%	7	140%
Total current liabilities	602	41%	682	46%	509	37%	(80)	-12%	173	34%
Non-current liabilities										
Financial lease liabilities - net	28	2%	27	2%	17	1%	1	4%	10	59%
Long-term loan - net	45	3%	80	5%	142	10%	(35)	-44%	(62)	-44%
Other non-current liabilities	6	0%	5	0%	10	1%	1	20%	(5)	-50%
Total non-current liabilities	79	5%	112	8%	169	12%	(33)	-29%	(57)	-34%
Total liabilities	681	46%	794	54%	678	50%	(113)	-14%	116	17%
Shareholder's equity										
Paid-up share capital	437	29%	396	27%	394	29%	41	10%	2	1%
Paid-in capital in excess of par	389	26%	309	21%	307	22%	80	26%	2	1%
Legal reserve	15	1%	15	1%	15	1%	-	0%	-	0%
Unappropriated retained earnings	(63)	-4%	(62)	-4%	(55)	-4%	(1)	2%	(7)	13%
Other components	(9)	-1%	(10)	-1%	(7)	-1%	1	-10%	(3)	43%
Total equity of the parent company	769	52%	648	44%	654	48%	121	19%	(6)	-1%
Non-controlling interests	33	2%	33	2%	34	2%	-	0%	(1)	-3%
Total shareholder's equity	802	54%	681	46%	688	50%	121	18%	(7)	-1%
Total liabilities and shareholder's equity	1,483	100%	1,475	100%	1,366	100%	8	1%	109	8%

Income Statements Unit: Million Baht	2017		2016		2015		Change			
							2017/2016		2016/2015	
Revenue from sales and services	1,514	100%	1,273	100%	1,391	100%	241	19%	(118)	-8%
Cost of sales and services	(1,248)	-82%	(1,041)	-82%	(1,232)	-89%	(207)	20%	191	-16%
Gross profit	266	18%	232	18%	159	11%	34	15%	73	46%
Other income	16	1%	7	1%	6	0%	9	129%	1	17%
Selling and administrative expenses	(250)	-17%	(217)	-17%	(204)	-15%	(33)	15%	(13)	6%
Profit before financial cost and income tax	32	2%	22	2%	(39)	-3%	10	45%	61	-156%
Financial cost	(32)	-2%	(26)	-2%	(29)	-2%	(6)	23%	3	-10%
Share of profit from associate	2	0%	1	0%	3	0%	1	100%	2	-67%
Profit before income tax	2	0%	(3)	0%	(65)	-5%	5	-167%	62	-95%
Income tax	(3)	0%	(0)	0%	(11)	-1%	(3)	900%	11	-97%
Net profit	(1)	0%	(3)	0%	(76)	-5%	2	-70%	73	-96%
Portion of non-controlling interest	-	0%	(9)	-1%	(4)	0%	9	-100%	(5)	125%
Portion of equity holder of the Company	(1)	0%	(12)	-1%	(80)	-6%	11	-92%	68	-85%

Operating result by business segment	Total Information Technologies Solution Services	Production and Sales of Label Product	Internet Broadband - Upcountry	Total Domestic	Wholesale of computer equipments in Malaysia	Total
Unit: Million baht						
Year 2017						
Revenue from sales and services	221	269	185	675	839	1,514
Cost of sales and services	(138)	(190)	(147)	(475)	(772)	(1,247)
Gross profit	83	79	38	200	67	267
Other income	5	2	1	8	8	16
Selling and administrative expenses	(73)	(39)	(68)	(180)	(70)	(250)
Profit before financial cost and income tax	15	42	(29)	28	5	33
Financial cost	(6)	(3)	(7)	(16)	(17)	(33)
Share of profit from associate	2	-	-	2	-	2
Profit before income tax	11	39	(36)	14	(12)	2
Income tax	1	(4)	1	(2)	(1)	(3)
Net profit	12	35	(35)	12	(13)	(1)
Portion of equity holder of the Company						(1)
Year 2016						
Revenue from sales and services	101	313	148	562	710	1,272
Cost of sales and services	(61)	(202)	(133)	(396)	(643)	(1,039)
Gross profit	40	111	15	166	67	233
Other income	1	1	1	3	5	8
Selling and administrative expenses	(64)	(33)	(64)	(161)	(57)	(218)
Profit before financial cost and income tax	(23)	79	(48)	8	15	23
Financial cost	(4)	(2)	(7)	(13)	(14)	(27)
Share of profit from associate	1	-	-	1	-	1
Profit before income tax	(26)	77	(55)	(4)	1	(3)
Income tax	15	(15)	-	-	(1)	(1)
Net profit	(11)	62	(55)	(4)	-	(4)
Portion of equity holder of the Company						(12)

IT SOLUTION	2017		2016		2015		2014		CHANGE			
									2017/2016		2016/2015	
REVENUE	221	100%	101	100%	233	100%	274	100%	120	119%	(132)	-57%
GROSS PROFIT	83	38%	40	40%	53	23%	61	22%	43	108%	(13)	-25%
NET PROFIT	12	5%	(11)	-11%	(25)	-11%	(12)	-4%	23	-209%	14	-56%

LABEL BUSINESS	2017		2016		2015		2014		CHANGE			
									2017/2016		2016/2015	
REVENUE	269	100%	313	100%	161	100%	114	100%	(44)	-14%	152	94%
GROSS PROFIT	79	29%	111	35%	51	32%	36	32%	(32)	-29%	60	118%
NET PROFIT	35	13%	62	20%	21	13%	14	12%	(27)	-44%	41	195%

BROADBAND INTERNET	2017		2016		2015		2014		CHANGE			
									2017/2016		2016/2015	
REVENUE	185	100%	148	100%	65	100%	18	100%	37	25%	83	128%
GROSS PROFIT	38	21%	15	10%	(22)	-34%	(23)	-128%	23	153%	37	-168%
NET PROFIT	(35)	-19%	(55)	-37%	(76)	-117%	(57)	-317%	20	-36%	21	-28%

WHOLESALE OF HARDWARE - MALAYSIA	2017		2016		2015		2014		CHANGE			
									2017/2016		2016/2015	
REVENUE	839	100%	710	100%	933	100%	898	100%	129	18%	(223)	-24%
GROSS PROFIT	67	8%	67	9%	77	8%	61	7%	-	0%	(10)	-13%
NET PROFIT	(13)	-2%	-	0%	4	0%	4	0.4%	(13)	#DIV/0!	(4)	-100%

Significant Financial Ratio	Unit	2017	2016	2015	Explanation
Liquidity Ratio					Liquidity ratio is less than 1 time which represents the short-term of liquidity problem as current asset is less than current liability. However, the Company has plan to raise fund by offering and issuing new shares to existing shareholders (Right Offering) to enhance the short-term working capital and liquidity.
Current Ratio	time	0.68	0.67	0.86	
Assets Utilization Ratio					Accounts receivable, accounts payable and inventory turnover were faster than prior year. At end of year 2015, there is a lot of hardwares purchase at the end of the year which belongs to the sale and implement ERP system project with GHB. However, there is no big lot purchase for this year and the revenue and cost of sale for this project has been recognized in year 2017.
Accounts Receivable Turnover	time	6.65	5.12	4.79	
Average Collection Period	day	55	71	76	
Inventory Turnover	time	10.15	9.17	12.70	
Average Sales Period	day	36	40	29	
Accounts Payable Turnover	time	6.92	5.87	6.47	
Average Payment Period	day	53	62	56	
Leverage Ratio					The ability to pay interest improves as the profitability increases as the IT solution business and the broadband internet business have operating loss less than prior year. Moreover, the profit of label business of a subsidiary continuously positive. The debt to equity ratio improves from prior year.
Time Interest Earned	time	1.00	0.85	(1.34)	
Debt to Equity	time	0.85	1.17	0.99	
Profitability Ratio					The ability to generate profit is close to the prior year but there is an internal change by business segment below:
Gross Profit Margin	%	18%	18%	11%	(Million Baht)
Net Profit Margin	%	0%	0%	-5%	Year 2017
Return on Assets	%	0%	0%	-6%	Year 2016
Return on Equity	%	0%	-2%	-12%	Change in Net Profit
Basic earnings per share	Baht	-	(0.03)	(0.21)	IT Solution
					Label Printing
					Broadband
					Wholesale of hardware - Malaysia
					Total

Management Discussion and Analysis

Economic Overview

In 2017, the Thai economy grew by 3.9 percent by growth of export and tourism along with the economic recovery. Domestic demand expanded step by step while the government spending was slow down. Thai economy grew well due to the improvement of export as world trade grew continuously. Moreover, the expansion in production capacity and the movement of production base of foreign manufacturer to Thailand in many industry and the export of services grew along with the increasing numbers of foreign tourists. The government spending was slow down due to the constraint of inefficiently payment. The consumption of private sector grew step by step from the increase of purchasing power of household with the non-agricultural high income and the improvement of household confidence. However, the supporting factor from private consumption is not strong enough because the household debt is still in high level. Some portion of the income of non-agricultural household was affected by the decline in employment and some portion of the income of agricultural household was affected by the price decline in agricultural products during year-end. The private investment grew better than prior year along with the expansion of export, the good entrepreneur confidence and the moderate finance status. However, the private investment was still low as some entrepreneur still have surplus production and some were waiting for Eastern Economic Corridor (EEC) which the draft of its law has just passed approval since the mid of February 2018.

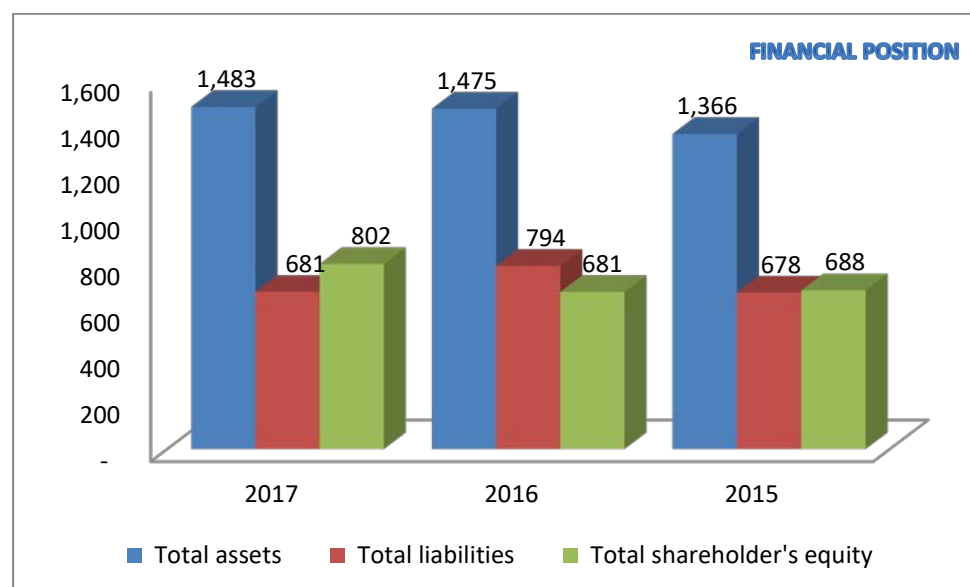
The overall economy has stability. Inflation rate and unemployment rate were at low level and the financial position is strong to accommodate the risk of default of debtor including SMEs and low-income household. The foreign stability was strong with the surplus in current account continuing from prior year and the foreign reserve was in high level which will help reserve for the fluctuation of foreign currency. The Baht currency is appreciated compare with USD along with the regional trend.

In 2018, Thai economy will grow continuously with the balance driven factors from the growth of export and tourism as the growth of the business partner's economy. The private spending is expanding widely and gradually including the acceleration of the government spending especially the base structure investment which will help driving the private investment. The inflation rate is increasing along with the economic growth led by the rise of gasoline price and the excise tax of some merchandises at end of year 2017.

(Source: Bank of Thailand)

Overview of the Company's Financial Position and Operating result

Financial Position



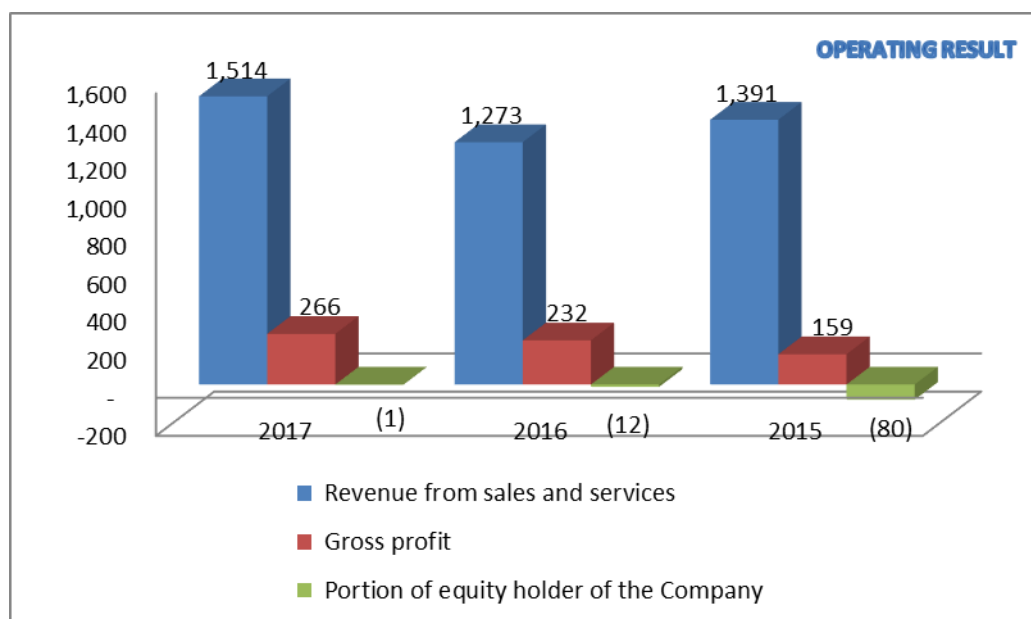
- Total assets as at 31 December 2017 increases from prior year about Baht 8 million or 1% due to the followings:
 - Cash and cash equivalent decreased about Baht 24 million due to the net cash outflow from operating activities about Baht 79 million, the net cash outflow from investing activities about Baht 8 million and the net cash inflow from financing activities about Baht 63 million.
 - Trade and other receivables increased about Baht 37 million or 15% from prior year due to, at year-end 2017, the Company issued second payment invoice under the project of sale and implementation of ERP system to Government Housing Bank (GHB) for Baht 31.60 million.
 - The decrease in ending inventories about Baht 62 million or 40% from prior year due to, at end of year 2015, the Company purchased a lot of equipment for delivery under the project of the sale and implementation of ERP system to GHB. The delivery of equipment has finished within the first quarter of year 2017.
 - Optical fiber network and equipment for broadband business increased about Baht 39 million or 6% from prior year because there is an additional purchase of equipment to ensure the completeness of the network and the increase of the terminal equipment installed at customer's site according to the increase of accumulated subscribers.
 - Other non-current assets increased about Baht 20 million or 59% from prior year due to there was a prepayment for maintenance under the project of the sale and implementation

of ERP system to GHB for Baht 13 million which shall be recognized under the maintenance contract for year 2019 – 2022.

- Total liabilities as at 31 December 2017 decreased about Baht 113 million or 14% from prior year due to the followings:
 - Trade accounts payable and other payables decreased about Baht 86 million or 28% due to, at end of year 2015, the Company purchased a lot of equipment for delivery under the project of the sale and implementation of ERP system to GHB and this made the ending balance of the prior year was so high.
 - A portion of long-term loan decreased about Baht 35 million due to the repayment of loan principal in year 2017.

- Total shareholder's equity as at 31 December 2017 increased about Baht 121 million or 18% from prior year mainly due to the issuance of new shares to private placement for Baht 119 million and the new shares from exercise of ESOP for Baht 2 million.

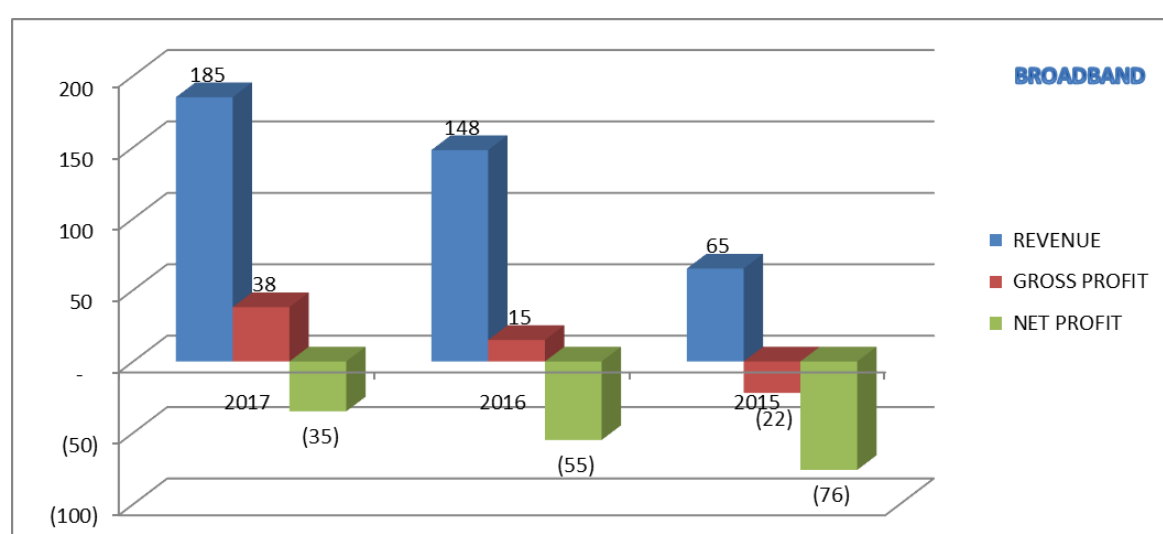
Operating Result



12-month unit: million Baht	Thailand					Malaysia	Total
	IT Solution	Label	Broadband Internet			Wholesale of hardware computer	
Internet service under license			Sale of equipment and other relevant revenue	Total			
Jan - Dec 2017							
Revenue	221	269	181	4	185	839	1,514
Gross profit	83	79	35	2	37	67	266
Net profit	12	35	(37)	2	(35)	(13)	(1)
Portion of parent company							(1)
Jan - Dec 2016							
Revenue	102	313	148	-	148	710	1,273
Gross profit	40	109	15	-	15	67	231
Net profit	(11)	62	(55)	-	(55)	0	(4)
Portion of parent company							(12)

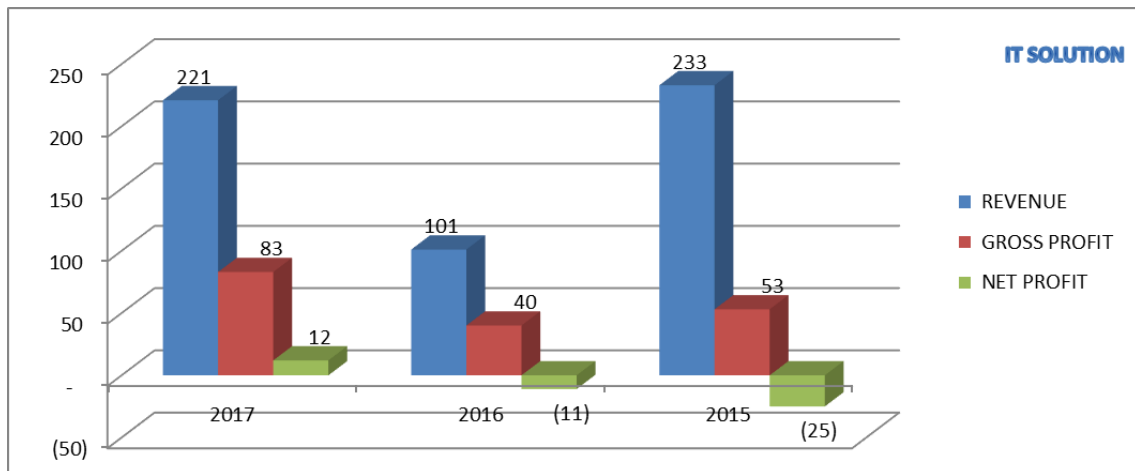
Summary

The consolidated net loss (portion of the parent company) for the year 2017 was Baht 1 million while last year there was a net loss of Baht 12 million. The overall operating result for the year 2017 has been significantly improved from the prior year about Baht 11 million due to the improvement of performance from the increase of profit of IT solution business and the decrease in net loss of broadband business. The IT solution business has recognized revenue and profit from the project for sale and implementation of ERP to Government Housing Bank. The decrease in net loss of Broadband business arises from the increase in accumulated subscribers. The decrease in net profit of Label business arises from the decrease in sale price and sale volume to customer in smartphone group due the delay of the launch of new smartphone model and the response from the new product is not good as prior year and the net loss from subsidiary in Malaysia from the increase in allowance for doubtful account in the last quarter of the year.

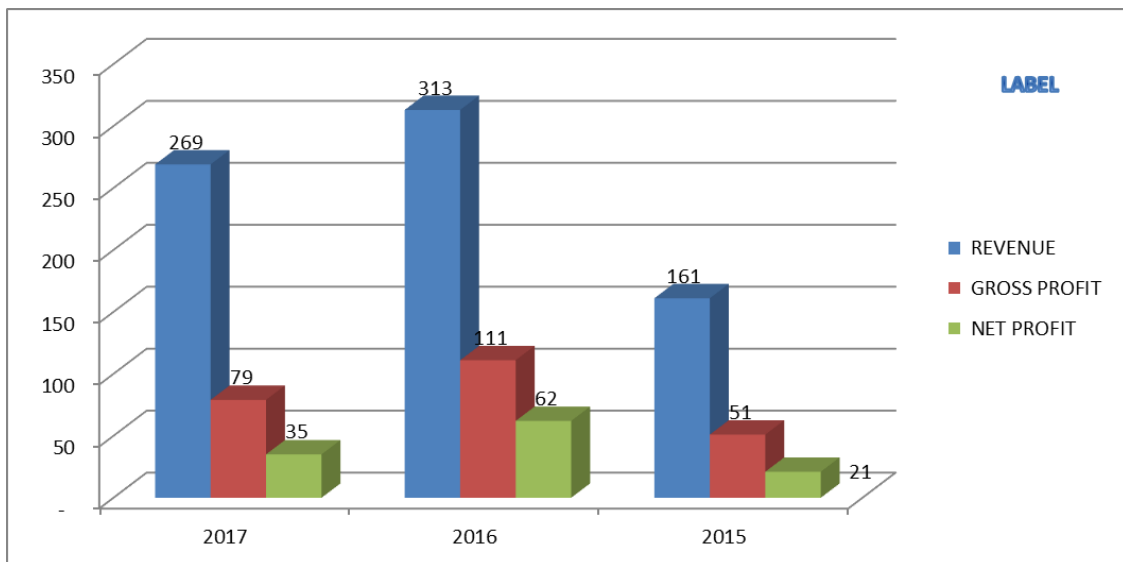


- For the main business, the net loss of Broadband Internet business for the year 2017 and 2016 were Baht 35 million and Baht 55 million, respectively which improved from prior year about Baht 20 million as the number of new subscriber (net) increases continuously and the accumulated subscriber as at year-end 2017 and 2016 were 30,000 subscribers and 25,000 subscribers, respectively. Moreover, in year 2017, there were additional revenues from sale of broadband equipment to project of real estate customer and advertising revenue from digital signage system in shopping center. The Company expects that this business was improving continuously from the cost reduction of fixed cost and the increase of accumulated subscribers. In addition, the Company also adjusts the sale and marketing strategies by focus on internet service for small and medium size of building with the model of total solution service including hardware installation, software application and maintenance and the Company will be sole internet provider of the building. By this model, it requires small investment but high profit and difficult to enter by competitor. By the way, the Company also focuses on improving high quality and service for the internet service for Home-Use and to expand market to cover more various target customer groups by partnership with the local cable

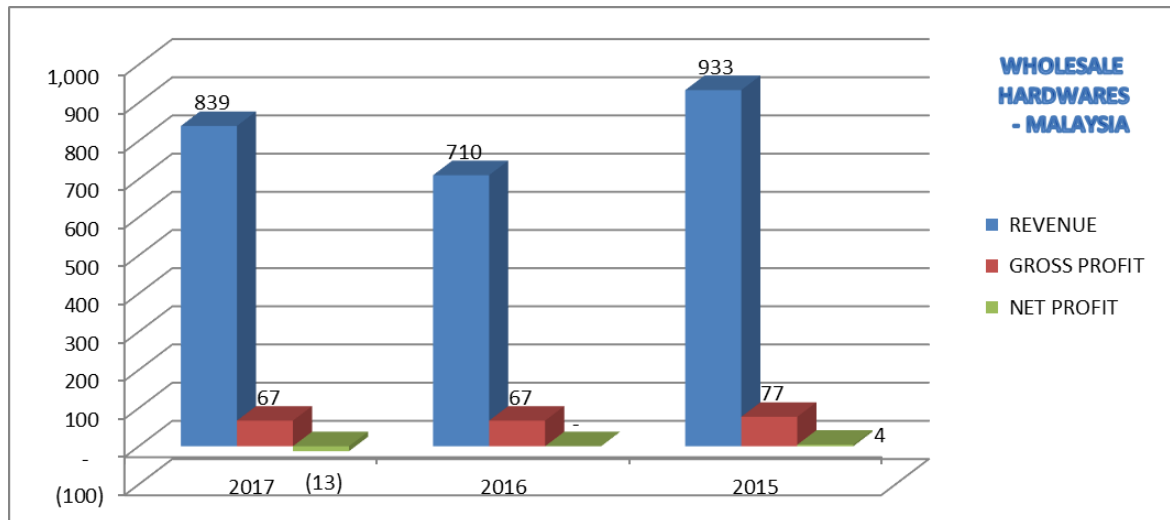
TV operator to provide internet service with cable TV in the province in area outside the Company's own network.



- For the existing old business, IT Solution Business, the revenue and profit increased significantly from the revenue and profit recognition of the sale & implementation of ERP for Government Housing Bank (GHB) as the Company delivered hardware to customer already. For year 2018, the Company will focus more on IT project auction of governmental unit and large private enterprise in form of joint venture with business partner for the IT project and IT maintenance service contract.



- For the Label Business, the revenue decreased Baht 45 million or 14% while the net profit decreased Baht 27 million or 44% due to the decrease in sale price of precision stamping business about 30% and the significant decrease in purchase order from customer in smartphone group in quarter 3 due to the delay of the launch of new model and the response of new product is not good as prior year.



- For wholesale of computer hardware in Malaysia, for the year 2017, the subsidiary generated net loss of Baht 13 million due to the economic recession in Malaysia led to the decrease in investment in both government and private sector and the intense price competition in the market. Moreover, there was an increase in which mainly the allowance for doubtful account of Baht 9 million during the end of the year.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Independent Auditor's Report

To the Shareholders and the Board of Directors of Simat Technologies Public Company Limited

Qualified Opinion

I have audited the consolidated and separate financial statements of Simat Technologies Public Company Limited and its subsidiaries, and of Simat Technologies Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2017, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects to the consolidated financial statements of the matter as mentioned in Basis for Qualified Opinion section, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the Simat Technologies Public Company Limited and its subsidiaries, and of Simat Technologies Public Company Limited, respectively, as at December 31, 2017, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSS).

Basis for Qualified Opinion

According to Note to Financial Statements No.9, the Company's consolidated financial statements as at December 31, 2017, and for the year then ended, included an investment in an associate company, accounted for according to the equity method, amounting to Baht 33 million, and share of profits from such company amounted to Baht 2 million. The Company recorded the investment and share of profits from such investment based on financial statements prepared by the management of an associate company, which remain under audit by the associate company's auditor. However, I could not satisfy myself by means of other audit procedures for this transaction. Therefore, I am unable to identify whether there is any necessary adjustment.



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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters, except with respect to the matter as mentioned in Basis for Qualified Opinion section.

Carrying amounts of fiber optic equipment

Risk

According to Note to Financial Statements No.15, the Company invested in fiber optic network equipment at a net book value of Baht 649 million as at December 31, 2017. (The Company started a broadband internet service via the fiber optic network equipment in late 2013.) Currently, the Company has not reached a breakeven point with the broadband internet service. The carrying amount of the equipment depends on the future economic benefits from the Company's operations. Determination of the net realizable value of the equipment requires significant judgment by Management.

Auditor's response

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

Valuation of goodwill

Risk

According to Note to Financial Statements No.10, as of December 31, 2017 the Group Company had goodwill, exceeding the fair value of the identifiable net assets, presented in the total amount of Baht 45 million in the consolidated financial statements for a subsidiary acquired by the Company. Evaluation of the impairment of goodwill requires significant judgment by Management.



Auditor's response

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

*Allowance for doubtful accounts**Risk*

According to Note to Financial Statements No.5, a subsidiary in Malaysia had a net balance of trade receivables, as at December 31, 2017, of RM 16 million (equivalent to Baht 130 million) that comprised a balance of trade receivables for more than 1 year in the amount of RM 6.48 million (equivalent to Baht 51.48 million). Management of the subsidiary provided an allowance for doubtful accounts based on the age of the receivables and historical data about their respective payments in order to reflect its recoverable amounts. The allowance for the doubtful accounts requires significant judgment by the subsidiary's management.

Auditor's response

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

*Deferred tax assets**Risk*

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

Auditor's response

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



Emphasis of matter

According to Note to Financial Statements No.15

- 1) On February 22, 2013, the Company cancelled a service contract with CAT Telecom Public Company Limited (“CAT”) for the rental of optical fiber cable network equipment in Nakorn Ratchasima and Chiang Mai provinces. As a result, the Company is now a service provider instead of a lessor. In addition, as discussed in Note to Financial Statements No 37, the Company filed a lawsuit against CAT.

According to Note to Financial Statements No.29

- 1) During the year 2017, the Company received an invoice related to broadband internet service expenses for the year ended 2016. As a result, the administrative expenses and net loss presented in the financial statement for the year then ended December 31, 2016 is understated by Baht 1.92 million. Thus, Management adjusted the comparative financial statements for the year then ended December 31, 2016 with such figure.
- 2) During the year 2017, Management adjusted the over non-current provisions for employee benefits of the prior years by retrospective adjustment of the financial statements. Thus the consolidated and separate statements of financial position as at December 31, 2016 and January 1, 2016, the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2016, which have been presented herewith for comparative purposes, have been restated to reflect such adjustment.

My opinion is not express qualified opinion with respect to this matter.

Other information

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

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

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

When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement. However, as discussed in Basis for Qualified Opinion section, the investment in an associate company and share of profits from such investment are recorded based on financial statements prepared by the management of an associate company, which remain under audit by the associate company’s auditor. However, I could not satisfy myself by means of other audit procedures for this transaction. Accordingly, I am unable to conclude whether or not the other information is materially misstated with respect to this matter.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence



obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



Sathien Vongsnan

Certified Public Accountant Registration Number 3495

ANS Audit Company Limited

Bangkok, February 26, 2018

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Unit: Thousands Baht						
		CONSOLIDATED F/S			SEPARATE F/S			
Notes		DECEMBER 31, 2017	DECEMBER 31, 2016 (Restated)	JANUARY 1, 2016 (Restated)	DECEMBER 31, 2017	DECEMBER 31, 2016 (Restated)	JANUARY 1, 2016 (Restated)	
ASSETS								
CURRENT ASSETS								
	Cash and cash equivalents	4	35,613	59,849	57,990	18,695	44,014	9,120
	Trade and other current receivables - net	5,6	282,966	246,096	304,486	96,840	64,531	63,504
	Short-term loan to related companies	6	-	-	-	896	4,503	7,411
	Inventories - net	7	92,499	154,517	73,303	20,011	97,526	23,480
	Total Current Assets		411,078	460,462	435,779	136,442	210,574	103,515
NON-CURRENT ASSETS								
	Restricted deposits with banks	8,17,19	151,124	152,331	131,839	25,750	24,250	13,750
	Investments in associated company	9	32,557	30,861	29,538	21,274	21,274	21,274
	Investments in subsidiary companies	10	-	-	-	96,955	96,955	96,955
	Investment property - net	11	53,439	-	-	-	-	-
	Property and equipment - net	12	85,812	141,514	122,867	15,562	12,804	20,602
	Equipment and computer software							
	for lease - net	13	1	1	4	1	1	4
	Software development cost for sales	14	1,374	1,192	939	123	143	807
	Fiber optic network equipment	15	649,128	610,028	582,461	649,128	610,028	582,461
	Goodwill		44,693	44,693	44,693	-	-	-
	Deferred tax assets	16,29	22,675	19,707	2,846	21,230	18,696	2,846
	Deposits		10,636	10,421	9,561	10,331	9,543	8,388
	Prepayment - maintenance project		13,069	-	-	13,069	-	-
	Other non-current assets		7,793	4,171	4,643	6,796	4,171	4,643
	Total Non-Current Assets		1,072,301	1,014,919	929,391	860,219	797,865	751,730
	TOTAL ASSETS		1,483,379	1,475,381	1,365,170	996,661	1,008,439	855,245

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit: Thousands Baht

Notes	CONSOLIDATED F/S			SEPARATE F/S		
	DECEMBER	DECEMBER	JANUARY	DECEMBER	DECEMBER	JANUARY
	31, 2017	31, 2016	1, 2016	31, 2017	31, 2016	1, 2016
		(Restated)	(Restated)		(Restated)	(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
	Bank overdraft and short-term loan from					
	financial institution					
17	242,441	132,456	189,825	41,318	2,766	8,819
6,18,29	221,947	307,832	251,409	87,429	125,822	63,614
	Current portion of liabilities under					
	financial lease and hire purchase agreements					
20	33,662	34,658	13,289	24,355	25,039	5,939
	Current portion of long-term loan from					
	financial institutions					
21	53,951	59,875	34,572	52,347	58,239	33,000
22	35,000	135,000	-	35,000	135,000	-
6	13,000	-	15,000	32,800	-	17,000
	Accrued income tax					
	2,032	12,250	4,770	-	-	-
	Total Current Liabilities					
	602,033	682,071	508,865	273,249	346,866	128,372
NON-CURRENT LIABILITIES						
	Liabilities under financial lease and hire purchase					
	agreements - net					
20	28,462	27,144	16,792	21,262	19,372	8,712
21	45,227	80,345	142,623	4,370	38,088	96,560
16	770	954	622	-	-	-
23,29	5,110	3,966	3,089	2,808	2,420	2,093
	Total Non-Current Liabilities					
	79,569	112,409	163,126	28,440	59,880	107,365
	TOTAL LIABILITIES					
	681,602	794,480	671,991	301,689	406,746	235,737



SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		Unit: Thousands Baht					
		CONSOLIDATED F/S			SEPARATE F/S		
		DECEMBER	DECEMBER	JANUARY	DECEMBER	DECEMBER	JANUARY
Notes		31, 2017	31, 2016	1, 2016	31, 2017	31, 2016	1, 2016
			(Restated)	(Restated)		(Restated)	(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)							
SHAREHOLDERS EQUITY							
Share capital	24						
Registered							
Common shares 516,550,596 shares of Baht 1 each		516,551	477,234	480,534	516,551	477,234	480,534
(December 31, 2016, Common shares 477,234,076 shares of Baht 1 each)							
Issued and fully paid-up							
Common shares 436,924,252 shares of Baht 1 each	24	436,924	395,742	394,139	436,924	395,742	394,139
(December 31, 2016, Common shares 395,742,431 shares of Baht 1 each)							
Paid in capital in excess of par value		389,289	308,863	307,234	389,289	308,863	307,234
Reserve for share-based payments	36	2,235	2,228	2,614	2,235	2,228	2,614
Discount on capital from change in proportion of investment in subsidiary company		(2,314)	(2,314)	(2,314)	-	-	-
Retained earnings							
Appropriated							
Legal reserve	25	15,141	15,141	15,141	15,141	15,141	15,141
Unappropriated	29	(63,182)	(62,331)	(49,925)	(148,617)	(120,281)	(99,620)
Other components of equity							
Currency translation differences		(9,334)	(9,436)	(7,317)	-	-	-
Total equity of the parent company		768,759	647,893	659,572	694,972	601,693	619,508
Non-controlling interests	10	33,018	33,008	33,607	-	-	-
TOTAL SHAREHOLDERS EQUITY		801,777	680,901	693,179	694,972	601,693	619,508
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		1,483,379	1,475,381	1,365,170	996,661	1,008,439	855,245

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit: Thousands Baht			
		CONSOLIDATED F/S		SEPARATE F/S	
Notes	2017	2016	2017	2016	
		(Restated)		(Restated)	
Revenues					
Revenues from sales and services	6	1,514,358	1,272,486	399,703	243,095
Cost of sales and services	6,26	(1,247,899)	(1,041,081)	(286,111)	(196,694)
Gross profit		266,459	231,405	113,592	46,401
Dividend income	6,10	-	-	-	51,529
Gain (loss) on exchange rate		1,613	518	137	175
Other income	6	14,946	6,752	9,329	7,053
Selling expenses	6,26	(53,497)	(51,626)	(34,363)	(34,652)
Administrative expenses	6,23,26,29	(197,009)	(165,416)	(106,730)	(94,988)
Finance cost	6	(31,834)	(26,169)	(12,834)	(12,030)
Equity in net income of associated company	9	1,697	1,322	-	-
Profit (loss) before income tax		2,375	(3,214)	(30,869)	(36,512)
Income tax benefit (expense)	16,29,32	(3,286)	(387)	2,533	15,851
NET PROFIT (LOSS) FOR THE YEARS	29	(911)	(3,601)	(28,336)	(20,661)
OTHER COMPREHENSIVE INCOME (LOSS)					
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</i>					
Foreign currency translation differences		172	(3,052)	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		172	(3,052)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(739)	(6,653)	(28,336)	(20,661)
Income (loss) attributable to :					
Equity holders of the Company		(851)	(12,406)	(28,336)	(20,661)
Non-controlling interests		(60)	8,805	-	-
		(911)	(3,601)	(28,336)	(20,661)

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit: Thousands Baht				
Notes	CONSOLIDATED F/S		SEPARATE F/S	
	2017	2016 (Restated)	2017	2016 (Restated)
Total comprehensive income (loss) attributable to :				
Equity holders of the Company	(749)	(14,525)	(28,336)	(20,661)
Non-controlling interests	10	7,872	-	-
	<u>(739)</u>	<u>(6,653)</u>	<u>(28,336)</u>	<u>(20,661)</u>
EARNINGS (LOSS) PER SHARE :				
	27			
Basic earnings (loss) per share (Baht)	<u>(0.002)</u>	<u>(0.03)</u>	<u>(0.071)</u>	<u>(0.05)</u>
Diluted earnings (loss) per share (Baht)	<u>(0.002)</u>	<u>(0.03)</u>	<u>(0.071)</u>	<u>(0.05)</u>



SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGE IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit: Thousands Baht												
CONSOLIDATED F/S												
Equity attributable to equity holders of the Company												
Notes	Paid-up share capital	Paid-in capital in excess of par	Reserve for share-based payment	Common share Subscription	Discount on capital from change in proportion of investment in subsidiary company	Retained earnings		Other components of equity		Total equity of the parent company	Non-controlling interests	Total
						Legal reserve	Unappropriated	Currency translation differences				
Balance as at December 31, 2015 (Before restated)	394,139	307,234	2,614	-	(2,314)	15,141	(54,758)	(7,317)		654,739	33,607	688,346
Prior year adjustment	-	-	-	-	-	-	4,833	-		4,833	-	4,833
Balance as at December 31, 2015 (Restated)	394,139	307,234	2,614	-	(2,314)	15,141	(49,925)	(7,317)		659,572	33,607	693,179
Changes in equity for the year :												
Reserve for share-based payment	-	-	1,057	-	-	-	-	-		1,057	-	1,057
Common share subscription	1,603	1,629	(1,443)	-	-	-	-	-		1,789	-	1,789
Cash dividend by subsidiaries company	-	-	-	-	-	-	-	-		-	(8,471)	(8,471)
Comprehensive profit (loss) for the year (Restated)	-	-	-	-	-	-	(12,406)	(2,119)		(14,525)	7,872	(6,653)
Balance as at December 31, 2016 (Restated)	395,742	308,863	2,228	-	(2,314)	15,141	(62,331)	(9,436)		647,893	33,008	680,901
Balance as at December 31, 2016 (Before restated)	395,742	308,863	2,228	-	(2,314)	15,141	(65,737)	(9,436)		644,487	33,008	677,495
Prior year adjustment	-	-	-	-	-	-	3,406	-		3,406	-	3,406
Balance as at December 31, 2016 (Restated)	395,742	308,863	2,228	-	(2,314)	15,141	(62,331)	(9,436)		647,893	33,008	680,901
Changes in equity for the year :												
Increase in capital	39,720	78,942	-	-	-	-	-	-		118,662	-	118,662
Reserve for share-based payment	-	-	1,323	-	-	-	-	-		1,323	-	1,323
Common share subscription	1,462	1,484	(1,316)	-	-	-	-	-		1,630	-	1,630
Comprehensive profit (loss) for the year	-	-	-	-	-	-	(851)	102		(749)	10	(739)
Balance as at December 31, 2017	436,924	389,289	2,235	-	(2,314)	15,141	(63,182)	(9,334)		768,759	33,018	801,777

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGE IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit: Thousands Baht

SEPARATE F/S

	Notes	Paid-up share capital	Paid-in capital in excess of par	Reserve for share-based payment	Common share Subscription	Retained earnings		Other components of equity	Total Equity
						Legal reserve	Unappropriated		
Balance as at December 31, 2015 (Before restated)	29	394,139	307,234	2,614	-	15,141	(104,453)	-	614,675
Prior year adjustment		-	-	-	-	-	4,833	-	4,833
Balance as at December 31, 2015 (Restated)		394,139	307,234	2,614	-	15,141	(99,620)	-	619,508
Changes in equity for the year :									
Reserve for share-based payment	36	-	-	1,057	-	-	-	-	1,057
Common share subscription		1,603	1,629	(1,443)	-	-	-	-	1,789
Comprehensive loss for the year (Restated)		-	-	-	-	-	(20,661)	-	(20,661)
Balance as at December 31, 2016 (Restated)		395,742	308,863	2,228	-	15,141	(120,281)	-	601,693
Balance as at December 31, 2016 (Before restated)		395,742	308,863	2,228	-	15,141	(123,687)	-	598,287
Prior year adjustment	29	-	-	-	-	-	3,406	-	3,406
Balance as at December 31, 2016 (Restated)		395,742	308,863	2,228	-	15,141	(120,281)	-	601,693
Changes in equity for the year :									
Increase in capital	24	39,720	78,942	-	-	-	-	-	118,662
Reserve for share-based payment	36	-	-	1,323	-	-	-	-	1,323
Common share subscription	24	1,462	1,484	(1,316)	-	-	-	-	1,630
Comprehensive loss for the year		-	-	-	-	-	(28,336)	-	(28,336)
Balance as at December 31, 2017		436,924	389,289	2,235	-	15,141	(148,617)	-	694,972



SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit: Thousands Baht			
	CONSOLIDATED F/S		SEPARATE F/S	
	2017	2016 (Restated)	2017	2016 (Restated)
Cash Flows from Operating Activities				
Profit (loss) before income tax expenses	2,375	(3,214)	(30,869)	(36,512)
Adjustments to reconcile net profit (loss) to net cash provided from (paid by) operating activities:				
Depreciation and amortization	70,852	63,963	55,959	51,544
Amortisation of investment property	1,117	-	-	-
Allowance for decline values of inventories	7,581	2,339	5,831	-
Equity in net profit of associated company	(1,697)	(1,322)	-	-
Unrealized (gain) loss on foreign exchange rate	24	(130)	(2)	(9)
(Gain) loss on disposal of equipment	(4,035)	180	(4,050)	(3)
Allowance for doubtful accounts	14,948	5,037	6,442	3,990
Provision for employee benefit	1,144	877	388	327
Reserve for share based payment	1,323	1,057	1,323	1,057
Dividend income	-	-	-	(51,529)
Interest expense	28,083	22,821	10,250	9,724
Interest income	(4,069)	(3,193)	(360)	(642)
Write off prepaid income tax	191	1,828	-	974
Cash provided from (used in) operating activities before changes in operating assets and liabilities :	117,837	90,243	44,912	(21,079)
Decrease (increase) in operating assets:				
Trade and other current receivables	(52,490)	42,956	(57,145)	12,630
Inventories	3,991	(149,563)	21,105	(138,341)
Other non-current assets	(13,765)	362	(13,857)	(1,157)

SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit: Thousands Baht			
	CONSOLIDATED F/S		SEPARATE F/S	
	2017	2016	2017	2016
		(Restated)	(Restated)	
Increase (decrease) in operating liabilities:				
Trade and other current payables	(96,165)	100,668	(42,373)	107,638
Cash received (paid) from operations	(40,592)	84,666	(47,358)	(40,309)
Interest paid	(22,616)	(24,103)	(5,227)	(10,268)
Interest received	4,069	3,193	716	161
Income tax paid	(21,434)	(14,347)	(3,807)	(2,830)
Received income tax	1,647	3,353	1,647	2,962
Net cash from (used in) operating activities	(78,926)	52,762	(54,029)	(50,284)
Cash flows from investing activities:				
Dividend Received	-	-	16,529	-
Increase in loan to related companies	-	-	(1,086)	(1,600)
Decrease in loan to related companies	-	-	4,693	2,000
Increase in restricted deposit with banks	2,068	(26,088)	(1,500)	(10,500)
Cash payment for fiber optical network equipment	(13,961)	(5,135)	(13,961)	(5,135)
Proceeds from disposal of equipment	8,604	5,043	2,374	3
Cash payment for acquisition of equipment and software computer	(5,296)	(37,636)	(288)	(405)
Net cash from (used in) investing activities	(8,585)	(63,816)	6,761	(15,637)



SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit: Thousands Baht			
	CONSOLIDATED F/S		SEPARATE F/S	
	2017	2016 (Restated)	2017	2016 (Restated)
Cash flows from financing activities:				
Cash receipt from increase in share capital	118,662	1,789	118,662	-
Cash receipt from common share subscription	1,630	3,000	1,630	1,789
Paid loan from related companies and director	(21,000)	(18,000)	(40,901)	(30,500)
Received loan from related companies and director	39,089	-	73,701	48,500
Increase (decrease) in bank overdraft and short-term loan				
from financial institution - net	69,090	(48,757)	(1,447)	(6,054)
Received short-term loans from a company and other persons	149,000	135,000	149,000	135,000
Paid short-term loans from a company and other persons	(249,000)	-	(249,000)	-
Received loan from financial institution	80,000	19,040	80,000	19,040
Paid loan from financial institution	(81,355)	(53,698)	(79,609)	(52,274)
Repayment of liabilities under financial				
lease agreements	(42,964)	(23,998)	(30,085)	(14,686)
Dividend paid from subsidiaries company	-	(324)	-	-
Net cash from financing activities	63,152	14,052	21,951	100,815
Net increase (decrease) in cash and cash equivalents	(24,359)	2,998	(25,317)	34,894
Effect of foreign exchange rate changes	123	(1,139)	-	-
Cash and cash equivalents, Beginning of year	59,849	57,990	44,014	9,120
Cash and cash equivalents, End of year	35,613	59,849	18,697	44,014



SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**STATEMENT OF CASH FLOWS (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2017****Non - cash transactions :**

For the year then ended December 31, 2017

The Company transferred inventories to equipment totaling Baht 50.58 million.

The Company entered into financial lease agreement to pay fixed assets payable in the amount of Baht 31.29 million to be paid by installments under financial lease agreement in the amount of Baht 29.49 million and offset proceeds from disposal of equipment amount of Baht 1.8 million.

The subsidiary purchased machine in the total cost amount of Baht 10.93 million by installments under financial lease agreement in the amount of Baht 10.93 million.

For the year then ended December 31, 2016 (Restated)

The Company transferred inventories to equipment totaling Baht 64.30 million.

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

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

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



SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2017****1. GENERAL INFORMATION**

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

The Company’s registered head office is located at 123 Soi Chalongkrung 31, Ladkrabang Industrial Estate, Chalongkrung Road, Lamplatew Sub-district, Ladkrabang District, Bangkok. The company has 3 branches as follows,

Branch is located at 179/69-70, Soi Mittapam 4, Naimuang, Muang Nakhon Ratchasima ,Nakhon Ratchasima.

Branch is located at 68 Moo 4, Nong Hoi, Muang Chiang Mai ,Chiangmai.

Branch is located at 251/7-8 Thepharak Road,Nai Muang, Mueang Khon Kaen, Khon Kaen.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act B.E. 2543.

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

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

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



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

Basis of preparation of consolidation financial statements

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

Subsidiary companies	Percentage of shareholding / Voting rights hold		Type of businesses
	December 31, 2017	December 31, 2016	
	Simat Soft Co., Ltd.	100.00	
Simat Label Co., Ltd.	85.88	85.88	Wholesaler for barcode, productions and RFID, papers and related supplies.
Simat Telecom Co., Ltd.	100.00	100.00	Sales of hardware, software and telecommunication services
E-Tech IT Sdn, Bhd. (Malaysia)	60.00	60.00	Sales of computer hardware, software and maintenance services

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

New Thai Financial Reporting Standards

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to withdrawal restrictions. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Inventories

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



Work in process comprise of cost of raw material, hardware and related software, cost is determined on the moving-average basis. Direct cost, other cost and overhead for installation equipments and cables which is allocated based on normal operating capacity.

Investment in subsidiaries and associate company

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

Investment property

Investment property is property which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and less allowance for impairment loss (if any).

Depreciation

Depreciation is computed by the straight-line method based on the useful lives of assets of 50 years or, if shorter, over the remaining period of the lease.

Depreciation is included in determining operating result and no depreciation is provided on investment property in progress.

Repairs and maintenance are charged in profit or loss during the financial years in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.


Reclassification to property and equipment

When the use of a property changes such that it is reclassified as property and equipment, its cost and accumulated depreciation at the date of reclassification becomes its cost for subsequent accounting.

Property and equipment

Owned assets

Property and equipment are stated at cost less accumulated depreciation and impairment losses of assets (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment. 

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

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

Subsequent costs

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


Depreciation

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

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

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

No depreciation is provided on assets under construction.

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

Equipment and computer software for lease

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

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

Software development cost for sales

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

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

Fiber optic network equipment

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

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

Goodwill

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

Computer programs

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

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

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Employee benefits

Short-term benefits

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

Post-employment benefits - defined contribution plan

The Group has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Group. Contributions to the provident fund are charged in profit or loss in the period to which they relate.

Post-employment benefits - defined benefit plan

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

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested.


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

Lease agreements

Finance Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The lessee is to record the finance lease as an asset and obligation at an amount to the fair value of the leased asset or the present value of the minimum lease payment whichever is lower. The interest expense is charged to profit or loss over the lease period. The leased asset is depreciated over the useful life.

Operating Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to the profit or loss on a straight - line method over the period of the lease agreements. 

Provisions

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

Revenues and expenses recognition

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

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

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

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

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

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.


Foreign currencies*Functional and presentation currency*

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

Foreign currency transactions

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

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

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

Translation of the Group's financial statements

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

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

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

Income tax

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


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

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

Deferred tax is not recognized for the following temporary differences:

- initial recognition of goodwill;
- initial recognition of assets or liabilities in a transaction that is not a business combination and that neither affects accounting nor taxable profit or loss;
- Differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

Earnings (loss) per share are determined by dividing the net income (loss) for the year by the weighted average number of shares outstanding during the year and the effect of increased shares from exercise warrants during the year.

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


Segment information

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 The information cannot be observed, for example information regarding estimate cash flows in the future by the Company. 

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimate. Significant judgments and estimates are as follows:

Allowance for doubtful accounts for receivables and loans

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

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Impairment of investment

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

Impairment of goodwill

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

Impairment of assets

The management performed an impairment review in respect of assets, which consisted of investments and other assets whenever events or changes in circumstances indicate that the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use (calculated from the estimated future discounted cash flows) is less than the carrying amount.

The preparation of the estimated future discounted cash flows requires the management to make forecasts of future revenues and expenses, and appropriate discount rates and other assumptions.



Investment property, equipment and depreciation/ computer software and amortization

In determining depreciation of investment property, equipment and amortization of software computer, the management is required to make estimates of the useful lives and residual values of the assets and to review estimate useful lives and residual values when there are any changes.

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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

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

Provisions

In determining provision, the management needs to exercise judgement and make estimates based upon consideration of probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.



4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	1,800	1,605	1,553	1,399
Cash at banks				
Current account	32,337	54,750	15,803	39,121
Savings account	34	2,404	34	2,404
Fixed deposits with maturities				
of less than 3 months	1,442	1,090	1,305	1,090
Total	35,613	59,849	18,695	44,014

5. TRADE AND OTHER CURRENT RECEIVABLES - NET

Trade and other current receivables - net as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables				
- others	295,383	260,825	77,649	34,745
<u>Less</u> Allowance for doubtful accounts	(58,039)	(42,662)	(12,124)	(5,682)
Trade receivables - net	237,344	218,163	65,525	29,063
Other receivables				
Interest receivable related parties	-	-	-	926
Other receivable related parties	112	354	1,762	1,768
Dividend receivable	-	-	-	16,529
Deposit	1,848	1,614	-	-
Accrued income	24,317	1,089	24,241	1,041
Value added tax receivables	2,274	6,565	-	4,905
Prepaid expenses	10,154	10,618	3,585	7,804

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Advances to trade customer	3,834	4,671	430	419
Others	3,083	3,022	1,297	2,076
Total other receivables	45,622	27,933	31,315	35,468
Total trade and other current receivables - net	282,966	246,096	96,840	64,531

As at December 31, 2017, a portion of the trade receivables of the Company and its local subsidiary were discounted to financial institutions. The Company and its local subsidiary still guaranteed the total amount of discounted trade receivables (Note 17).

As at December 31, 2017 and 2016 the Group had outstanding balances of trade receivable aged by the following numbers of months:

Ages of receivable	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade Receivable - Other				
Not yet due	93,472	69,989	16,111	13,000
Past due:				
Less than 3 months	129,641	129,679	48,965	14,669
Over 3 months but not over 6 months	9,842	3,570	1,655	2,012
Over 6 months but not over 12 months	3,566	12,955	3,720	2,784
Over 12 months	58,862	44,632	7,198	2,280
Total	295,383	260,825	77,649	34,745
<u>Less</u> Allowance for doubtful accounts	(58,039)	(42,662)	(12,124)	(5,682)
Total trade receivable other - net	237,344	218,163	65,525	29,063
Total trade receivable - net	237,344	218,163	65,525	29,063

As at December 31, 2017 and 2016, a portion of receivables past due over 12 months are attributable to a subsidiary company in Malaysia as follows:

	Unit: Million Baht	
	2017	2016
Allowance for doubtful accounts has been provided	45.72	36.78
Considered as collectible	5.76	5.41
Total	51.48	42.19

Considered as collectible is an account receivable in the amount of RM 0.74 million (equivalent to Baht 5.76 million), the subsidiary's director paid cash as a guarantee in whole amount.

6. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

On November 7, 2017, Grand-Flo Solution Berhad, the major shareholder, has sold all the Company's 48,899,373 shares, or its 12.31% stake, to the new investor group.

Sales and purchases of goods and services

Sales and purchases of goods from related parties are made under the terms of general trade practice, with prices approximate the market. Balances with related parties as at December 31, 2017 and 2016, are summarized below:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Other receivables – related companies				
Simat Label Co., Ltd.	-	-	964	1,585
Simat Soft Co., Ltd.	-	-	698	571
Simat Telecom Co., Ltd.	-	-	100	538
Grand-flo Spritvest Sdn, Bhd.	112	354	-	-
Total	112	354	1,762	2,694
Short-term loans to related companies				
Simat Soft Co., Ltd.	-	-	896	2,996
Simat Telecom Co., Ltd	-	-	-	1,507
Total	-	-	896	4,503
Dividend receivable				
Simat Label Co., Ltd.	-	-	-	16,529
Total	-	-	-	16,529
Trade payables				
Simat Label Co., Ltd.	-	-	12	-
Simat Soft Co., Ltd.	-	-	456	124
Simat Telecom Co., Ltd	-	-	1,605	1,425
Total	-	-	2,073	1,549

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Other payables - related companies				
Simat Label Co., Ltd.	-	-	1,452	-
Simat Telecom Co., Ltd	-	-	-	678
Simat Soft Co., Ltd.	-	-	-	73
Total	-	-	1,452	751
Other payable related person				
Mr. Ling Chee Kiat	5,768	674	-	-
Total	5,768	674	-	-
Short-term loan from related companies and director				
Simat Label Co., Ltd.	-	-	19,800	-
Grand-flo Solution Sdn, Bhd.	10,000	-	10,000	-
Director	3,000	-	3,000	-
Total	13,000	-	32,800	-
Accrued interest expenses - related companies				
Grand-flo Solution Sdn, Bhd.	252	-	252	-
E-Tech IT Sdn, Bhd.	-	-	78	79
Simat Label Co., Ltd.	-	-	377	743
Total	252	-	707	822
Dividend payable				
Label Network Sdn, Bhd.	8,471	8,471	-	-
Total	8,471	8,471	-	-

Short-term loans to related companies

During the year 2017, the Company provided additional loans to related parties in the total amount of Baht 1.09 million and received loans in the total amount of Baht 4.69 million. Therefore, as at December 31, 2017, the Company had short-term loans to related parties totaling Baht 0.90 million, bearing interest at the rates of 6% per annum. Such loans are unguaranteed, and are due on call.

Short-term loan from related companies and a director

During the year 2017, the Company had loans from related parties in the total amount of Baht 78.21 million, of which it has repaid Baht 45.41 million. Thus, as at December 31, 2017, the Company had loans from related parties and a director in the total amount of Baht 32.80 million, bearing interest at the rates of 0%-6% per annum. Such loans are unguaranteed, and are due on call.

Transactions with related person and parties for the years ended December 31, 2017 and 2016 are summarized below:

Transactions with related person and companies	Pricing policy	Unit: Thousands Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Sales of inventories	At market value	9,077	6,857	-	-
Dividend income	Right to receive dividends	-	-	-	51,529
Interest income	At the rate of 6%	-	-	136	1,224
Other income	Contract and at cost	-	-	4,466	4,703
Purchase of inventories	At market value	19,250	1,819	29	51
Software service cost	Mutually agreed price	-	-	1,046	994
Other expenses	At cost	-	-	1,234	12,700
Interest expenses	At the rate of 5%-6%	252	-	393	1,188
Maintenance broadband	Contract	-	-	3,600	6,678

Compensation of key management personnel

The Compensation of key management personnel for the years ended December 31, 2017 and 2016 as follows:

	Unit : Thousand Baht			
	Consolidated financial		Separate financial statements	
	statements			
	2017	2016	2017	2016
		(Restated)		(Restated)
Short-term benefits	21,251	17,844	10,536	11,360
Post-employment benefits	345	254	165	149
Total Compensation to key management personnel	21,596	18,098	10,701	11,509

7. INVENTORIES –NET

Inventories as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	83,629	66,957	29,879	27,119
Work in process	2,074	75,796	-	74,444
Raw materials	25,272	19,533	-	-
Goods in transit	38	-	-	-
Total	111,013	162,286	29,879	101,563
Less Allowance for decline values of inventories	(18,514)	(7,769)	(9,868)	(4,037)
Inventories – net	92,499	154,517	20,011	97,526

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

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

8. RESTRICTED DEPOSITS WITH BANKS

As at December 31, 2017 and 2016, the Company's and subsidiary's fixed deposits totaling Baht 151.12 million and Baht 152.33 million, respectively, in consolidated financial statements, and Baht 25.75 million and Baht 24.25 million, respectively, in separate financial statements, have been pledged with banks as collaterals for bank overdrafts facilities, short-term loan, long-term loans, factoring of trade receivables, forward exchange contracts and letter of guarantee for the Company and its subsidiaries. These fixed deposits bear interest at 0.80% - 3.20% per annum.



9. INVESTMENTS IN ASSOCIATE COMPANY

Investments in associated companies as at December 31, 2017 and 2016 are as follows:

Name of Associate company	Incorporation	Type of business	Unit: Thousand Baht							
			% of share holding / Voting rights held		Paid-up capital		Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016	Equity method		Cost method	
						2017	2016	2017	2016	
Sino Trading – Services Corporation (Shares held by Simat Technologies PCL.)	Vietnam	Trading of computer hardware, software and network and network accessories and computer information technology system development	40	40	12,600	12,600	32,557	30,861	21,274	21,274
Total investments in associated company							32,557	30,861	21,274	21,274

During the years, the Company recognized share of profits from investment in the consolidated financial statements as follows :

<u>Name of Associate company</u>	Unit: Thousand Baht	
	Consolidated financial statements	
	Share of profits from investments	
	in associate company	
	2017	2016
Sino Trading – Services Corporation	1,697	1,322
Total	1,697	1,322

Shares of profit from investment in an associate company, included in the consolidated statement of profit or loss for the year ended December 31, 2017 was calculated based on financial statements prepared by the management of its associate company and not yet audited by its auditor.

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

The shares of associate company are not publicly listed on a stock exchange and, hence, published price quotes are not available. The aggregate amounts of the associate company in the consolidated financial statement for the years ended December 31, 2017 and 2016, can be summarized as follows:

	Unit: Thousand Baht	
	2017	2016
As at December 31		
Current assets	60,198	58,367
Non-current assets	2,575	3,236
Current liabilities	25,162	23,601
Non-current liabilities	2,009	2,200
For the years ended December 31		
Revenue	109,940	102,969
Profit for the years	4,054	2,226
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	4,054	2,226

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

	Unit: Thousand Baht	
	2017	2016
Net assets of the associate company	35,369	34,893
Proportion of shares held by the Company in associate company (%)	40	40
Net assets of the associate company by proportion of shares	14,148	13,957
Goodwill	13,717	13,717
Foreign currency translation differences	4,692	3,187
Book value of investment value with the equity method in the associate company	32,557	30,861

10. INVESTMENTS IN SUBSIDIARY COMPANIES

Investments in subsidiary companies as at December 31, 2017 and 2016 are as follows:

			Unit: Thousand Baht							
			Separate financial statements							
Name of subsidiary companies	Incorporation	Type of business	% of share holding / Voting rights held		Paid-up capital		Cost method		Cash dividend	
			2017	2016	2017	2016	2017	2016	2017	2016
Simat Soft Co. Ltd.	Thailand	Produce, develop, modify, consulting and advising services sell of software.	100.00	100.00	3,000	3,000	3,000	3,000	-	-
Simat Label Co. Ltd.	Thailand	Wholesaler for barcode, productions and RFID, paper and related supplies.	85.88	85.88	34,000	34,000	29,200	29,200	-	51,529
Simat Telecom Co., Ltd.	Thailand	Sale of hardware, software and telecommunication services.	100.00	100.00	5,000	5,000	5,000	5,000	-	-
E-Tech IT Sdn, Bhd.	Malaysia	Sale of computer hardware, software and maintenance.	60.00	60.00	57,003	57,003	67,755	67,755	-	-
<u>Less Allowance for impairment of investment</u>							(8,000)	(8,000)	-	-
Total investments in subsidiary companies							96,955	96,955	-	51,529

The financial statements for the years ended December 31, 2017 and 2016 of E-Tech IT Sdn. Bhd., as included in the consolidated financial statement, were audited by SJ GRANT THORNTON.

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

Name of Subsidiary companies	Country of incorporation and main location of business	Ownership and voting rights held by non-controlling interests	Unit : Thousand Baht	
			Comprehensive income (loss) for non-controlling interests	Accumulated Non-controlling interests
Simat Label Co. Ltd.	Thailand	14.12	4,964	13,987
E-Tech IT Sdn, Bhd.	Malaysia	40	(5,024)	19,031
Total			(60)	33,018

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

	Unit : Thousand Baht			
	Simat Label Co. Ltd.	E-Tech IT Sdn, Bhd.	Other subsidiary companies	Total
As at December 31, 2017				
Current assets	107,047	307,755	4,423	419,225
Non-current assets	71,452	63,224	849	135,525
Current liabilities	70,872	282,024	2,389	355,285
Non-current liabilities	9,387	41,627	116	51,130
Non-controlling interests	13,987	19,031	-	33,018
For the year ended December 31, 2017				
Revenue	268,879	839,212	11,239	1,119,330
Net profit (loss) for the year of non- controlling interests	4,964	(5,024)	-	(60)
Other comprehensive income of non-controlling interests	-	-	-	-
Dividend paid for non-controlling interests	-	-	-	-

Okun

	Unit : Thousand Baht			Total
	Simat Label Co. Ltd.	E-Tech IT Sdn, Bhd.	Other subsidiary companies	
Cash flows from (used in)				
Operating activities	31,796	(60,113)	3,153	(25,164)
Investment activities	(18,908)	3,383	(273)	(15,798)
Financing activities	(10,955)	56,485	(3,607)	41,923
Net cash increase (decrease) in	1,933	(245)	(727)	961

Simat Label Co., Ltd.

Board of Directors' Meeting No.2/2016 of Simat Label Co., Ltd., resolved to pay an interim dividend from net profits for the period of January 1, 2016 to November 30, 2016 of Baht 17.6471 per share, totaling 3,400,000 shares, to total Baht 60,000,000. The Company received a dividend in proportion to its share holding in the amount of Baht 51,529,281 by offsetting the short term loan from Simat Label Co., Ltd, in the amount of Baht 35 million. The remaining amount of Baht 16.53 million had received during the year 2017.

E-Tech Sdn, Bhd.

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

11. INVESTMENT PROPERTY-NET

Investment property as at December 31, 2017 and 2016 are as follows:

	Unit : Thousand Baht
	Consolidated financial statements
	Building
<u>Cost</u>	
As at December 31, 2016	-
Transfer from property and equipments	55,843
Foreign currency translation differences	1,098
As at December 31, 2017	56,941

Ohm

	Unit : Thousand Baht
	Consolidated financial statements
	Building
<u>Accumulate depreciation</u>	
As at December 31, 2016	-
Transfer from property and equipments	(2,317)
Depreciation for the year	(1,117)
Foreign currency translation differences	(68)
As at December 31, 2017	(3,502)
Net book value	
As at December 31, 2016	-
As at December 31, 2017	53,439

Investment property comprises buildings that are leased, each for a period of 3 years.

The Company considered appraising fair value of building by the management of subsidiary. The building, appraised according to the market approach method, had a market value of RM 12.51 million (equivalent to Baht 99.32 million).

Said investment property is pledged as collateral for the subsidiary's commitment.



12. PROPERTY AND EQUIPMENT - NET

During the years ended December 31, 2017 and 2016 the Company and subsidiary have the following movements in the property and equipment - net:

	Unit : Thousand Baht							
	Consolidated financial statements							
	Building	Office equipment	Tools and equipment	Furniture and fixture	Motor vehicles	Machinery	Renovation	Total
Cost								
As at December 31, 2016	56,540	55,357	41,508	16,557	35,486	69,937	2,452	277,837
Increase/ Transfer	-	2,484	2,136	239	8,300	12,422	1,603	27,184
Decrease/ Transfer	-	(363)	(148)	-	(9,960)	(6,231)	-	(16,702)
Transfer to investment property	(55,843)	-	-	-	-	-	-	(55,843)
Foreign currency translation differences	(697)	154	-	12	22	-	-	(509)
As at December 31, 2017	-	57,632	43,496	16,808	33,848	76,128	4,055	231,967
Accumulate depreciation								
As at December 31, 2016	(2,347)	(37,260)	(31,956)	(15,317)	(31,780)	(16,918)	(745)	(136,323)
Increase/ Transfer	-	(7,791)	(3,702)	(437)	(2,459)	(7,577)	(493)	(22,459)
Decrease/ Transfer	-	349	149	-	9,962	-	-	10,460
Transfer to investment property	2,317	-	-	-	-	-	-	2,317
Foreign currency translation differences	30	(139)	-	(12)	(29)	-	-	(150)
As at December 31, 2017	-	(44,841)	(35,509)	(15,766)	(24,306)	(24,495)	(1,238)	(146,155)

Unit : Thousand Baht

Consolidated financial statements

	<u>Building</u>	<u>Office equipment</u>	<u>Tools and equipment</u>	<u>Furniture and fixture</u>	<u>Motor vehicles</u>	<u>Machinery</u>	<u>Renovation</u>	<u>Total</u>
Net book value								
As at December 31, 2016	54,193	18,097	9,552	1,240	3,706	53,019	1,707	141,514
As at December 31, 2017	-	12,791	7,987	1,042	9,542	51,633	2,817	85,812

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	Unit : Thousand Baht	
	2017	2016
Under the ownership of the company	50,513	138,263
Under the finance leases	35,299	3,251
Plant and equipment – net	85,812	141,514

As at December 31, 2017 and 2016, the Group's equipment and vehicles amounting to Baht 90.89 million and Baht 85.36 million, respectively, are fully depreciated but still in use.

	Unit : Thousand Baht					
	Separate financial statements					
	Office equipment	Tools and equipment	Furniture and fixture	Motor vehicles	Renovation	Total
Cost						
As at December 31, 2016	30,475	31,396	13,380	32,328	2,089	109,668
Increase/ Transfer	828	1,250	88	8,300	-	10,466
Decrease/ Transfer	(325)	(148)	-	(9,961)	-	(10,434)
As at December 31, 2017	30,978	32,498	13,468	30,667	2,089	109,700
Accumulated depreciation						
As at December 31, 2016	(25,463)	(28,294)	(13,032)	(29,366)	(709)	(96,864)
Increase/ Transfer	(3,505)	(1,877)	(155)	(1,892)	(279)	(7,708)
Decrease/ Transfer	325	148	-	9,961	-	10,434
As at December 31, 2017	(28,643)	(30,023)	(13,187)	(21,297)	(988)	(94,138)
Net book value						
As at December 31, 2016	5,012	3,102	348	2,962	1,380	12,804
As at December 31, 2017	2,335	2,475	281	9,370	1,101	15,562

	Unit : Thousand Baht	
	2017	2016
Under the ownership of the company	6,706	10,257
Under the finance leases	8,856	2,547
Plant and equipment - net	15,562	12,804

As at December 31, 2017 and 2016, the Company's equipment and vehicles amounting to Baht 83.84 million and Baht 75.03 million, respectively, are fully depreciated but still in use.

13. EQUIPMENT AND COMPUTER SOFTWARE FOR LEASE - NET

During the years ended December 31, 2017, and 2016 the Company and subsidiary have following movements in equipment and computer software for lease:

	Unit: Thousands Baht		
	Consolidated and Separate financial statements		
	As at December 31, 2016	Increase/ Transfer	As at December 31, 2017
Cost	40,962	-	40,962
Accumulated Depreciation	(40,961)	-	(40,961)
Equipment and computer software for lease – net	<u>1</u>		<u>1</u>

As at December 31, 2017 and 2016, the Group's equipment and computer software for lease amounting to Baht 40.96 million are fully depreciated but still in use.

14. SOFTWARE DEVELOPMENT COST FOR SALES

During the years ended December 31, 2017 and 2016, the Company has software development cost for sale. Movements in software development cost for sales during the year were as follows:

	Unit: Thousands Baht		
	Consolidated financial statements		
	As at December 31, 2016	Increase/ Transfer	As at December 31, 2017
Software cost for sales	5,868	363	6,231
Accumulated Depreciation	(4,676)	(181)	(4,857)
Cost for software development for sales – net	<u>1,192</u>		<u>1,374</u>

	Unit: Thousands Baht		
	Separate financial statement		
	As at December 31, 2016	Increase/ Transfer	As at December 31, 2017
Software cost for sales	4,341	19	4,360
Accumulated Depreciation	(4,198)	(39)	(4,237)
Cost for software development for sales – net	<u>143</u>		<u>123</u>

15. FIBER OPTIC NETWORK EQUIPMENT - NET

During the years ended December 31, 2017 and 2016, the Company had the following movements in Fiber optic network equipment.

	Unit: Thousands Baht			
	Consolidated and separate financial statements			
	As at December 31, 2016	Increase/ Transfer	Disposal/ Transfer	As at December 31, 2017
Cost				
Devices outside the fiber optic network	528,280	36,684	-	564,964
Fiber optic network equipment	188,039	50,628	-	238,667
Total cost	716,319	87,312	-	803,631
Accumulated depreciation				
Devices outside the fiber optic network	(65,527)	(21,254)	-	(86,781)
Fiber optic network equipment	(40,764)	(26,958)	-	(67,722)
Total accumulated depreciation	(106,291)	(48,212)	-	(154,503)
Fiber optic network equipment - net	610,028	39,100	-	649,128

	Unit: Thousands Baht	
	2017	2016
Under the ownership of the company	582,632	558,949
Under the finance leases	66,496	51,079
Fiber optic network equipment - net	649,128	610,028

In year 2011, the Company has entered into the service contract for rental of optical fiber cable network equipment in Nakornratchasima and Chiangmai province to CAT Telecom Public Company Limited with the term of 60 months. Both projects were approved by the Extraordinary Shareholder's Meeting No. 1/2011 dated July 29, 2011, with the total cost of project not exceeding Baht 520 million.

On February 22, 2013, the Company cancelled the service contract for rental of optical fiber cable network equipment in Nakornratchasima and Chiangmai province with CAT Telecom Public Company Limited ("CAT") since CAT has not proceeded the receipt of project according to the condition of the contract and ignored to take any action to comply with the contract although the Company had sent the warning letter to CAT several times. Therefore, the Company reserved the right to cancel the contract and the cancellation letter had been already sent to CAT.



16. DEFERRED TAX ASSETS

Deferred tax as at December 31, 2017 and 2016 consisted of:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(Restated)		(Restated)
Deferred tax assets	22,675	19,707	21,230	18,696
Deferred tax liabilities	(770)	(954)	-	-
Deferred tax assets (liabilities) - net	21,905	18,753	21,230	18,696

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

	Unit: Thousands Baht			
	Consolidated financial statements			
	December 31, 2016	Movement increase (decrease)		December 31, 2017
Statement of income		Other of comprehensive income		
	(Restated)			
Deferred tax assets :				
Allowance for doubtful accounts	1,136	1,309	-	2,445
Allowance for devaluation of inventories	1,553	1,408	-	2,961
Provision for employee benefit obligations	749	250	-	999
Reserve for share-based payment	446	1	-	447
Tax losses	15,823	-	-	15,823
Total deferred tax assets	19,707	2,968	-	22,675
Deferred tax liabilities :				
Depreciation	(954)	184	-	(770)
Total deferred tax liabilities	(954)	184	-	(770)

	Unit: Thousands Baht			
	Separate financial statements			
	December 31, 2016 (Restated)	Movement increase (decrease)		December 31, 2017
		Statement of income	Other of comprehensive income	
Deferred tax assets :				
Allowance for doubtful accounts	1,136	1,289	-	2,425
Allowance for devaluation of inventories	807	1,166	-	1,973
Provision for employee benefit obligations	484	78	-	562
Reserve for share-based payment	446	1	-	447
Tax losses	15,823	-	-	15,823
Total deferred tax assets	18,696	2,534	-	21,230

Income tax expense for the years ended December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(Restated)		(Restated)
Income tax expenses for the years	6,438	16,917	-	-
Deferred income taxes	(3,152)	(16,530)	(2,533)	(15,851)
Corporate income tax (benefit)	3,286	387	(2,533)	(15,851)

Income tax rates for the years ended December 31, 2017 and 2016 are as follows:


	2017	2016
The Company and subsidiaries in Thailand	0% – 20%	15 – 20%
Subsidiary in Malaysia	24%	24%

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

Bank overdraft and short-term loan from financial institution as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bank overdraft	5,306	2,526	-	-
Short-term loans	52,050	-	40,000	-
Trust receipt	185,085	129,930	1,318	2,766
Total bank overdraft and short-term loan from financial institution	<u>242,441</u>	<u>132,456</u>	<u>41,318</u>	<u>2,766</u>

As at December 31, 2017, the Company and its local subsidiary has the liability from Factoring agreement with a financial institution that included in short-term loans from financial institutions in the amount of Baht 12.05 million (Note 5).

As at December 31, 2017 and 2016, bank overdraft and short-term loan from financial institutions, bear interest as presented in Note No.19. 

18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016 (Restated)
Trade payables				
- related parties	-	-	2,073	1,549
- others	123,960	219,114	34,133	80,634
Total trade payables	123,960	219,114	36,206	82,183
Other payables				
- related companies	-	-	1,452	751
- related person	5,768	674	-	-
- accrued interest expenses relates companies and director	252	-	707	822
- others				
Deferred revenues	16,158	18,484	16,029	17,240
Accrued expenses	55,914	43,508	25,197	16,304
Accrued dividend expenses	8,471	8,471	-	-
Deposit payable – Ftx	5,905	6,424	5,905	6,424
Other	5,519	11,157	1,933	2,098
Total other payables	97,987	88,718	51,223	43,639
Total trade and other current payables	221,947	307,832	87,429	125,822

19. CREDIT FACILITIES

As at December 31, 2017 and 2016, the Company and its subsidiaries have credit facilities with financial institution as follows:

Type of credit limit	Unit: Million Baht			
	Consolidated financial statements			
	2017		2016	
	Limit	Interest rate	Limit	Interest rate
Bank overdraft	31	F/D+2.00%,MOR, BLR+1.75%-2.00%	30	F/D+2.00%,MOR, BLR+1.75%-2.00%
Liabilities under trust receipt agreements, letters of credit, and others	165	4.5%-4.7%, BLR+1.5%- 2.00%	130	1.5% – 4.61%
Factoring of accounts receivable for governmental projects	318	BLR+1.5% + 0.15% of sinking fund which allotted from 1.5% of collected	379	BLR+1.5% + 0.15% of sinking fund which allotted from 1.5% of collected
Factoring of accounts receivable	75	MLR – 0.5%	-	-
Forward exchange contracts	64	-	-	-
Promissory note	40	MOR – 1.5%	-	-

Type of credit limit	Unit: Million Baht			
	Separate financial statements			
	2017		2016	
	Limit	Interest rate	Limit	Interest rate
Bank overdrafts	20	F/D Rate+2.00%, MOR	20	F/D Rate+2.00%
Liabilities under trust receipt agreements, letters of credit, and others	9	4.5%-4.7%	129	1.5%-4.4%
Factoring of accounts receivable	55	MOR – 0.5%	-	-
Promissory note	40	MOR - 1.5%	-	-

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

20. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS – NET

Liabilities under financial lease agreements as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Due not later than one year				
Minimum payments	36,406	37,659	26,367	27,245
Deferred interest	(2,744)	(3,001)	(2,012)	(2,206)
Liabilities under financial lease – net	<u>33,662</u>	<u>34,658</u>	<u>24,355</u>	<u>25,039</u>
Due later than one year but not later than five years				
Minimum payments	29,891	28,283	22,415	20,174
Deferred interest	(1,429)	(1,139)	(1,153)	(802)
Liabilities under financial lease – net	<u>28,462</u>	<u>27,144</u>	<u>21,262</u>	<u>19,372</u>
Net book value of equipment under finance leases agreements	<u>62,124</u>	<u>61,802</u>	<u>45,617</u>	<u>44,411</u>

21. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS – NET

Long-term loans from financial institutions as at December 31, 2017 and 2016 are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loans from banks	99,178	140,220	56,717	96,327
<u>Less</u> current portion of long-term loans from financial institutions	<u>(53,951)</u>	<u>(59,875)</u>	<u>(52,347)</u>	<u>(58,239)</u>
Total long-term loans - net	<u>45,227</u>	<u>80,345</u>	<u>4,370</u>	<u>38,088</u>

On June 17, 2011, the Company entered into a loan agreement with a financial institution for the loan amount of Baht 200 million to engage in a lease contract of optical fiber cable network equipment in Nakorn Ratchasima Province with CAT Telecom Public Company Limited. The interest rate is at THBFIX +3.16% per annum and the minimum principal repayment of Baht 1.5 million per month will be made starting the first repayment in September 2012 and then Baht 2 million per month from October 2012 to June 2017. The first drawdown of Baht 114 million has been made on June 27, 2011 and the second drawdown of Baht 86 million will be available after entire delivery of the

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

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

On January 11, 2017 and October 25, 2017, the Company had entered into loan agreements with a local bank in amount of Baht 20 million, interest rate at MLR per annum, due within 14 months from the first withdrawn. The loan has to be withdrawn within March 2018 and January 2019, respectively.

22. SHORT-TERM LOANS FROM A COMPANY AND OTHER PERSONS

On December 31, 2017, the Company had short-term loans from a company and other persons by issuing a bill of exchange in the amount of Baht 35 million, bearing interest at the rates of 5.5%-6.2% per annum, due on February 2018. Such bill of exchange is uncollateralized.

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



23. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movement of the present value of non-current provisions for employee benefits for the years ended December 31, 2017 and 2016 were as follows:

	Unit: Thousand Baht			
	Post-employment benefit plan			
	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
	(Restated)		(Restated)	
Employee benefit at beginning of years	3,966	3,089	2,420	2,093
Included in profit or loss:				
Current service cost	1,017	780	313	262
Interest cost	127	97	75	65
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	-	-	-	-
Experience adjustments	-	-	-	-
Benefit paid during the years	-	-	-	-
Employee benefit obligations at end of years	5,110	3,966	2,808	2,420

Employee benefit expenses in profit or loss for the years ended December 31, 2017 and 2016, consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
		(Restated)		(Restated)
Cost of sales and services	-	-	-	-
Selling expenses	-	-	-	-
Administrative expenses	1,144	877	388	327
Total employee benefit expenses	1,144	877	388	327

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.



Principal actuarial assumptions as at December 31, 2017 (represented by the weighted-average) consisted of:

	(Percentage (%)/annum)	
	Consolidated financial statements	Separate financial statements
Discount rate	3.06 - 3.35	3.08
Long term inflation	2.75	2.75
Future monthly salary increase rate	3.00 - 6.00	3.00
Mortality rate	105% of Thai Mortality Ordinary Tables of 2017	105% of Thai Mortality Ordinary Tables of 2017
Turnover rate		
Under 25 years old	22.92 - 45.84	45.84
25 - 29 years old	17.19 - 34.38	34.38
30 - 34 years old	11.46 - 22.92	22.92
35 - 39 years old	7.64 - 15.28	15.28
40 - 44 years old	5.73 - 11.46	11.46
45 - 49 years old	3.82 - 7.64	7.64
50 - 60 years old	1.91 - 3.82	3.82

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2017 are summarised below:

	Unit: Thousand Baht	
	Change of the present value of the employee benefit obligations	
	Consolidated financial statement	Separate financial statement
Discount rate		
Increase 50 Basis point	54 - 2,638	2,638
Decrease 50 Basis point	63 - 2,992	2,992
Salary increase rate		
Increase 1%	70 - 3,169	3,169
Decrease 1%	43 - 2,493	2,493
Turnover rate		
Increase 20%	37 - 2,414	2,414
Decrease 20%	77 - 3,323	3,323

As at December 31, 2017, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated financial	
	statement	Separate financial statement
Within 1 year	40,000	-
Over 1 and up to 5 years	36,181	17,147
Over 5 years	8,250,123	4,212,468

24. SHARE CAPITAL

Registered capital

Year 2017

24.1.1 On August 11, 2017, the Company decreased its registered capital from the existing registered capital of Baht 477,234,076 to Baht 476,830,596 at the par value of Baht 1 each to write off the remaining share of 403,480 shares from the exercise of ESOP No. 1 warrant which is already expired.

24.1.2 On August 11, 2017, the Company increased its registered capital from the existing registered capital of Baht 476,830,596 to Baht 516,550,596, divided into 516,550,596 shares at the par value of Baht 1 each to accommodate the capital increase by General Mandate.

Board of Directors' Meeting (No. 3/2017), held on August 11, 2017, approved the capital increase by General Mandate by issuing the new ordinary shares of 39,720,000 shares, at the par value of Baht 1 each to the private placement. The offering price will be not less than 90% of the weighted average market price of the Company's shares and Board of Director's Meeting (No.4/2017), held on November 1, 2017 approved the date of subscription and offering on November 1, 2017 and due of payment within December 31, 2017.

Year 2016

24.1.3 The Company decrease its registered capital from the existing registered capital of Baht 480,534,076 to Baht 473,234,076 comprising 473,234,076 ordinary shares at the par value of Baht 1 each by write-off the General Mandate 7,300,000 ordinary shares which has not been used.

24.1.4 The Company increases its registered capital from the existing registered capital of Baht 473,234,076 to Baht 477,234,076 comprising 477,234,076 shares ordinary shares at the par value of Baht 1 each, to accommodate the exercise of ESOP-2 warrant to purchase ordinary shares by directors and employees of the Company.

24.1.5 The Company allocated the increase of 4,000,000 ordinary shares, at the par value of Baht 1 each, to accommodate the exercise of ESOP-2 warrant to purchase ordinary shares by directors and employees of the Company.



*Issued and paid up capital*Year 2017

24.2.1 The Company paid-up share capital increase from the previous sum of Baht 394,742,431 to the new sum of Baht 397,204,252 as warrant holders purchased 906,107 units or 1,461,821 ordinary shares of the Company (ESOP) on May 8, 2017.

24.2.2 The Company paid-up share capital increase from the previous sum of Baht 397,204,252 to the new sum of Baht 436,924,252 due to offer of 39,720,000 ordinary shares by private placement on November 1, 2017.

Year 2016

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

25. LEGAL RESERVE

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

26. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2017 and 2016 as follows:

	Unit: Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	2017	2016	2017	2016
		(Restated)		(Restated)
Changes in inventories	57,050	(70,530)	71,684	(74,046)
Purchase of goods	1,108,670	919,911	113,266	111,855
Salary and wages and other employee benefits	203,391	149,291	101,462	97,987
Depreciation and amortisation	71,969	63,963	55,959	51,544
Doubtful debts	15,377	4,061	6,442	3,990
Impairment loss on inventories	7,036	2,118	5,831	-
Cost of warranty	2,714	10,456	2,714	1,643
Rental expense	30,542	25,417	23,427	22,494
Purchase of software	11,000	51,525	11,000	6,434
Share-based payment	1,323	1,057	1,323	1,057

27. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(Restated)		(Restated)
Net loss attributable to shareholders				
of the parent (Thousands Baht)	(851)	(12,406)	(28,336)	(20,661)
Number of ordinary shares outstanding				
at beginning of years (Thousands shares)	395,742	394,139	395,742	394,139
Effect of exercised warrants (ESOP) and				
increasing share capital	3,556	942	3,556	942
Weighted average number of ordinary shares				
outstanding during the years (basic)				
(Thousands shares)	399,298	395,081	399,298	395,081
Basic loss per share (Baht)	(0.002)	(0.03)	(0.071)	(0.05)
Number of ordinary shares outstanding (basic)				
(Thousands shares)	399,298	395,081	399,298	395,081
Effect of ESOP to be exercised	342	911	342	911
Weighted average number of ordinary shares				
outstanding during the years (diluted)				
(Thousands shares)	399,640	395,992	399,640	395,992
Diluted loss per share (Baht)	(0.002)	(0.03)	(0.071)	(0.05)

28. PROVIDENT FUND

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

During the years ended December 31, 2017 and 2016, the Company and local subsidiaries contributed a total of Baht 1.51 million to the fund.

29. PRIOR YEAR ADJUSTMENT

- During the year 2017, the Company received an invoice related to broadband internet service expenses for the year 2016. As a result, the administrative expenses and net loss presented in the financial statement for the year then ended December 31, 2016 is understated by Baht 1.92 million.

- 2) During the year 2017, the Company's management found the over non-current provisions for employee benefits of the prior year by Baht 6.65 million.

The Company adjusted such transactions by retrospective adjustment of the financial statements. Thus the consolidated and separate statements of financial position as at December 31, 2016 and January 1, 2016, the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2016, which have been presented herewith for comparative purposes, have been restated to reflect such adjustment.

The impacts consolidated and separate to the financial statements are as follows:

	Statement of financial position	
	Unit: Thousand Baht	
	Consolidated and Separate financial statements	
	December 31, 2016	January 1, 2016
Decrease in deferred tax assets	1,331	1,208
Increase in trade and other current payables	1,916	-
Decrease in non-current provisions for employee benefits	6,653	6,041
Increase in unappropriated retained earnings	3,406	4,833

	Statement of profit or loss and other comprehensive income	
	Unit: Thousand Baht	
	Consolidated and Separate financial statements	
	For the year ended December 31, 2016	
Decrease in administrative expenses	1,304	
Decrease in income tax expenses	122	
Decrease in net loss for the year	1,426	



30. DISCLOSURE OF FINANCIAL INSTRUMENTS

Foreign Currency Risk

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

Interest Rate Risk

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

	Unit : Million Baht			
	Consolidated financial statements			
	2017			
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	1	34	35
Restricted deposits with banks	33	-	118	151
Bank overdraft and short-term loan from financial institutions	233	-	-	233
Short-term loan	-	35	-	35
Long-term loan	42	57	-	99

	Unit : Million Baht			
	Consolidated financial statements			
	2016			
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	3	57	60
Restricted deposits with banks	31	-	121	152
Bank overdraft and short-term loan from financial institutions	132	-	-	132
Short-term loan	-	135	-	135
Long-term loan	16	125	-	141

Unit : Million Baht				
Separate financial statements				
2017				
	Floating rate	Fixed rate	Non – interest bearing	Total
Financial assets/liabilities				
Cash and cash equivalents	-	1	17	18
Restricted deposits with banks	26	-	-	26
Bank overdraft and short-term loan				
from financial institution	40	-	-	40
Short-term loan	-	35	-	35
Long-term loan	-	56	-	56

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

Financial assets with fixed interest rates as of December 31, 2017 and 2016, and the period of time from the balance sheet date to their maturity dates are as follows:

Unit: Million Baht						
Consolidated financial statement						
2017						
At call	1 - 6 months	7 - 12 months	Over 1 year	Total	Interest rate	
Financial assets/liabilities						
Long-term loan	-	-	-	57	57	6.10% - 6.40%

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

Unit: Million Baht						
Separate financial statements						
2017						
At call	1 - 6 months	7 - 12 months	Over 1 year	Total	Interest rate	
Financial assets/liabilities						
Long-term loan	-	-	-	57	57	6.10% - 6.40%

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

Credit Risk

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

Fair value of Financial Instruments

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

- Financial assets are shown at estimated fair value.
- Financial liabilities are shown at their book value which is considered fair value because such liabilities will be matured in short-term and long-term loans bearing floating interest rates. Long term loans, bearing a fixed interest rate, have repayment periods within 2 years.

31. FINANCIAL INFORMATION BY SEGMENT

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

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

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

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

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

Business segments

The Group's segmental information is divided into the enterprise data collection, production and sale of labels, broadband internet for upcountry region (Chiang Mai, Nakorn Ratchasima and Khon Kaen) and Bangkok metropolitan region and the distribution of computer hardware in Malaysia as presented in the financial statements for the years ended December 31, 2017 and 2016 as follows:



Unit: Thousands Baht

Consolidated financial statement

For the year ended December 31, 2017

	Enterprise data collection	Production and sales of label	Broadband internet service			Total Domestic	Distribution of computer hardware in Malaysia	Total
			Internet	Other	Total			
Revenues	221,488	268,880	180,357	4,421	184,778	675,146	839,212	1,514,358
Cost of sales and services	(138,215)	(189,839)	(145,320)	(2,491)	(147,811)	(475,865)	(772,034)	(1,247,899)
Gross profit	83,273	79,041	35,037	1,930	36,967	199,281	67,178	266,459
Gain on exchange rate	134	1,479	-	-	-	1,613	-	1,613
Other income	4,587	991	1,033	-	1,033	6,611	8,335	14,946
Selling expenses	(10,439)	(9,797)	(24,394)	-	(24,394)	(44,630)	(8,867)	(53,497)
Administrative expense	(62,696)	(29,544)	(43,763)	-	(43,763)	(136,003)	(61,006)	(197,009)
Finance cost	(5,602)	(2,617)	(6,839)	-	(6,839)	(15,058)	(16,776)	(31,834)
Share of profit of investments in associated company	1,697	-	-	-	-	1,697	-	1,697
Profit (loss) before income tax	10,954	39,553	(38,926)	1,930	(36,996)	13,511	(11,136)	2,375
Income tax benefit (expense)	1,245	(4,394)	1,288	-	1,288	(1,861)	(1,425)	(3,286)
Net profit (loss)	12,199	35,159	(37,638)	1,930	(35,708)	11,650	(12,561)	(911)
Profit (loss) attributable to								
Equity holders of the Company								(851)
Non-controlling interests								(60)
								(911)
Total assets	273,361	178,499			660,541	1,112,401	370,978	1,483,379

Unit: Thousands Baht

Consolidated financial statement								
For the year ended December 31, 2016 (Restated)								
	Enterprise data collection	Production and sales of label	Broadband internet service			Total Domestic	Distribution of computer hardware in Malaysia	Total
			Internet	Other	Total			
Revenues	101,544	312,813	148,112	-	148,112	562,469	710,017	1,272,486
Cost of sales and services	(61,486)	(203,505)	(133,110)	-	(133,110)	(398,101)	(642,980)	(1,041,081)
Gross profit	40,058	109,308	15,002		15,002	164,368	67,037	231,405
Gain on exchange rate	176	342	-	-	-	518	-	518
Other income	676	75	1,346	-	1,346	2,097	4,655	6,752
Selling expenses	(8,038)	(8,995)	(26,738)	-	(26,738)	(43,771)	(7,855)	(51,626)
Administrative expense	(56,218)	(22,496)	(37,374)	-	(37,374)	(116,088)	(49,328)	(165,416)
Finance cost	(4,375)	(1,367)	(6,912)	-	(6,912)	(12,654)	(13,515)	(26,169)
Share of profit of investments in associated company	1,322	-	-	-	-	1,322	-	1,322
Profit (loss) before income tax	(26,399)	76,867	(54,676)	-	(54,676)	(4,208)	994	(3,214)
Income tax benefit (expense)	15,851	(15,218)	-	-	-	633	(1,020)	(387)
Net profit (loss)	(10,548)	61,649	(54,676)	-	(54,676)	(3,575)	(26)	(3,601)
Profit (loss) attributable to								
Equity holders of the Company								(12,406)
Non-controlling interests								8,805
								(3,601)
Total assets	268,025	139,293			632,997	1,040,315	435,066	1,475,381

The Company has revenue from broadband internet service under its License to Provide Internet Service – Form No 3, with License No. NTC/MM/INT/001/2555 for the years ended December 31, 2017 and 2016 as follows

	Unit : Baht	
	2017	2016
Internet Service Revenue	180,355,740.06	148,111,798.30

32. INCOME TAX

Income tax expenses for the year ended December 31, 2017 and 2016, are as follows:

	Unit: Thousands Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(Restated)		(Restated)
Profit (loss) before income tax	2,375	(3,214)	(30,869)	(36,512)
Income tax rate	20%	20%	20%	20%
Current income tax expense as tax rate	475	(643)	(6,174)	(7,302)
Non-deductible expenses by the Revenue Code	4,349	1,550	328	1,757
Dividend income are excluded	-	-	-	(10,306)
Non-taxable income	(91)	(190)	-	-
Effect from promoted activities	(3,497)	-	-	-
Unused tax loss	2,538	-	3,313	-
Tax effect from equity method in share of profit in associated company	(339)	(264)	-	-
Reversal of deferred income tax in prior year	(405)	(67)	-	-
Difference in tax expense in prior year	591	(86)	-	-
Effect from eliminate transactions	110	-	-	-
Difference from income tax rate	(445)	87	-	-
Income tax expense (benefit)	3,286	387	(2,533)	(15,851)
Average effective tax rate	138%	12%	8%	43%

The overseas subsidiary is subject to income tax rate of 24% for the calculation of corporate income tax for the years ended December 31, 2017 and 2016.

Current tax expenses in profit or loss is less than the amount determined by applying the corporate tax rate to the accounting profit for the period principally because a significant portion of subsidiary company profit was derived from promoted activities for which concessionary tax rates apply.

33. PROMOTIONAL PRIVILEGES

Simat Label Co., Ltd. received promotional privileges from the Board of Investment, under Certificate No. 59-1705-1-00-0-0, dated December 26, 2016, pursuant to the Investment Promotion Act, B.E.2520, for the manufacture of telecommunications parts according to the conditions state in said certificate. The privileges include a 7-year exemption from corporate income tax for revenue earned as from the commencement date of the promoted operations (June 2, 2017).

Revenue for the year ended December 31, 2017, derived from BOI promoted activities, totals Baht 84.33 million.

34. COMMITMENTS

Corporate guarantee

As at December 31, 2017 and 2016, the Company has provided corporate guarantees to a financial institution of the subsidiary company in Malaysia not exceeding 60% of the subsidiary's debt and interest due to the financial institution.

As at December 31, 2017 and 2016, the Company provided a corporate guarantee for a financial lease for a subsidiary company in Thailand.

Bank guarantee

As at December 31, 2017 and 2016, the Company and subsidiary had outstanding bank guarantee issued on behalf of the Company and for which it is contingently liable to its customers pursuant to a sales agreement and bidding amount of Baht 127.61 million and Baht 96.39 million, respectively.

Operating lease commitments

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

	Unit: Thousands Baht	
	Consolidated financial statement	Separate financial statement
Due within 1 year	20,017	14,492
Due over 1 year but not over 5 years	24,590	17,718
Total	44,607	32,210

35. WARRANT

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

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

As at December 31, 2017, there has been no warrant exercise.

36. RESERVE FOR SHARE-BASED PAYMENT

During the year 2016, the Company issued the ESOP offer to directors and employees of the Company, the details of the warrant issue are as follows:

Type of Warrant	:	Specifying the holder's name, to purchase the Company's ordinary shares.
Issue and Offer Date	:	-
Issuing Units	:	4,000,000 units
Term of Warrant	:	5 Years
Exercise Price	:	Baht 2.98 per share, average share closing rate of the company in the stock market 7 business days before directors approved the proposal to shares holders approving the warrant. Exercise price is inclusive of 10 percent discount (Subject to change according to a rights adjustment).
Exercise Ratio	:	1 warrant unit for 1 ordinary share (Subject to change according to a rights adjustment).
Exercise Period	:	Holder can exercise the warrants as follows: 1 st year: Exercises cannot exceed 10% of the total allocated warrants. 2 nd year: Exercises cannot exceed 25% of the total allocated warrants. 3 rd year: Exercises cannot exceed 45% of the total allocated warrants. 4 th year: Exercises cannot exceed 70% of the total allocated warrants. 5 th year: total allocated warrants can be exercise. Unexercised warrants can be accumulated for exercise within the next year.
Exercise Date	:	At last working day of every month throughout the warrant term. The last exercise must be made within 5 business days before the expiration date of the warrant term.

As at December 31, 2017, 2,890,000 warrant units remain unexercised.



37. LITIGATION

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

Company as defendant

On April 2, 2014, a supplier sued the Company in the amount Baht 8.56 million as compensation for the Company's breach of a purchase agreement. On June 15, 2015, the Civil Court rendered judgment that the Company must pay said compensation amount, with interest, to the supplier. Later, the Appeals Court upheld the judgment of the Civil Court. On February 8, 2017, the Company appealed to the Supreme Court, where the case is currently under consideration.

On October 24, 2017, a tenant sued the Company for malicious damages, under two claims, in the total amount of Baht 7.83 million. At the present, facts are being gathered with respect to the two cases.

CAPITAL MANAGEMENT

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



38. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the statement of financial position as at December 31, 2016 which are included in the 2017 financial statements for comprehensive purposes, have been reclassified to conform to the presentation in the 2017 financial statements.

	Unit: Thousands Baht					
	Consolidated financial statements			Separate financial statement		
	Before reclassify	Reclassify	After reclassify	Before reclassify	Reclassify	After reclassify
Trade and other current receivables - net	250,267	(4,171)	246,096	68,702	(4,171)	64,531
Deposit	6,250	4,171	10,421	5,372	4,171	9,543
		-			-	

39. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors on February 26, 2018.

