



Innovative Technology Company

รายงานประจำปี 2559 ANNUAL REPORT 2016

INNOVATIVE TECHNOLOGY PLATFORM & GATEWAY



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Message from the Chairman

Amidst the currents of change, regardless of whether those changes are changes to the world's economy, changes to the way people live their lives or changes to business operations, the extreme pace of technological change affects every organization and person so that everyone needs to adjust and always be ready. On top of that, innovative creation that parallels the tendency to change in the areas of the economy, society and the environment, including the development and implementation of technological innovation into business operations and our personal lives, are no longer avoidable for organizations and personnel to be able to move forward together effectively and sustainably.

June 16, 2016, was the first day that additional ordinary shares of Netbay Public Company Limited were traded in the Market for Alternative Investment, MAI, at the closing price of 11.30 Baht per share. This was an increase of 7.30 Baht or equivalent to +182.50% from the initial public offering at 4.00 Baht per share which was considered to be well received from investors. It also indicated the confidence in the Company's business operations, strong business foundations, and opportunities for the future business growth in the area of electronic transaction services of the Company.

The business performance over the past year was visible proof of the growth of electronic transaction services which the Company has developed and introduced to businesses and government sectors. Government policies and the awareness of the importance of innovative creation for business operations in the future are still the important factors that support the sustainable growth of the Company's business.

On behalf of the Company's board of directors, I would like to express my gratitude to all relevant agencies, shareholders, business partners including employees and the executives of the Company for being a part that has driven and supported the Company's success and continued to make it a good organization. Please be assured that the Company's board of directors will adhere to corporate governance with responsibility and fairness under the ethical framework in order to grow continually, stably and sustainably and be an organization that takes part in developing the country with technological innovation.



Prof. Dr. Pairash Thajchayapong

Message from the Chief Executive Officer

Thailand 4.0 is a government policy that will propel the digital economy of 10 future industries which includes Extending S-Curve and New S-Curve industries in order to build Thailand's economy to be sustainable, strong and ready for rapid change in today's world. The government pushes and drives every segment of the public sector in order to move government agencies, private sectors, industries and the general public towards the adaptation of technological innovation trends. Nowadays, technology plays an immeasurably important part and as a result the old ways of life and the traditional ways of operating businesses can no longer remain sustainable. With a clear direction in vision, mission and the objectives of Netbay, the Company has determined to continue developing, creating innovative technology in the Digital Business & Fintech Platform to be a comprehensive service which includes creating network systems that connect all sectors with the Omni Channel Connectivity Gateway. This enables every business, industry and, government sector, financial institution, insurance company and other industries to be able to connect with one another quickly and easily. It can be transitioned from the original manual transaction to a digital system transaction which optimizes efficiency and substantially reduces time, steps, and expenses. This enables Netbay to be even more well received. Many sectors began to see the importance of technological innovation that has changed different business transactions. This was the beginning point that caused different business sectors to change their behaviors and work procedures so that their business was not disrupted.

The year 2016 was considered the beginning step for Netbay Public Company Limited. The Company issued and offered additional shares for public offering in the Market of Alternative Investment, MAI. This was a great challenge for Netbay in business operations in order to create the utmost benefits to its shareholders and stakeholders. The Netbay team recognized this challenge and determines to always develop new technological innovations. By focusing on bringing Netbay to a level of sustainability so that customers, investors, government agencies and industrial sectors will continue to have confidence and trust in the Netbay brand forever.

On behalf of the Chief Executive Officer, I would like to express my gratitude to all benefactors, customers, shareholders, board members and every valuable employee of the Company, along with the different alliances, governments and business sectors that have trusted the Company and perfectly supported the Company's business throughout the years.



Pichit Viwatrujirapong

Company General Information

Company Name:	Netbay Public Company Limited
Registration Number:	0107557000101
Type of Business:	Product Development and Electronic Transaction Services (e-Business)
Registered Capital:	200,000,000 Baht 200,000,000 Ordinary Shares Par Value : 1 Baht per Share
Paid-Up Capital:	200,000,000 Baht 200,000,000 Ordinary Shares Par Value : 1 Baht per Share
Preferred Stock:	none
Company Registration Date:	November 19, 2004
Conversion Date to Public Limited Company	April 22, 2014
First Trading Date in MAI:	June 16, 2016
Main Office:	719/5, 8-9 Rama 6 Road Wangmai Pathumwan, Bangkok
Telephone Number:	02-620-1800
Fax Number:	02-612-3051
Website:	http://www.netbay.co.th

Office of the Company Secretary

Telephone Number:	02-620-1800 #4102
Fax Number:	02-612-3051
E-mail Address:	corporatesecretary@netbay.co.th

Investor Relations

Telephone Number:	02-620-1800 #1110
Fax Number:	02-612-3514
Email Address:	IR@netbay.co.th

References

Registrar: Thailand Securities Depository Company Ltd.
Address: The Stock Exchange of Thailand
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone Number: 02-009-9999
Fax Number: 02-009-9991

Auditor: EY Company Limited
Mr. Sophon Permsirivallop Certified Public Accountant, License No. 3182 or,
Ms. Runnapa Lertsuwankul Certified Public Accountant, License No. 3516 or,
Ms. Rosaporn Decharkom Certified Public Accountant, License No. 5659 or,
Ms. Sumana Punpongsanon Certified Public Accountant, License No. 5872

Main Office Address: EY Company Limited
Floor 33rd Lake Rajada Office Complex
193/136-137 Ratchadaphisek Road, Klong Toei, Bangkok
10110
Telephone Number: 02-264-0777
Fax Number: 02-264-0789-90

General Information of Juristic Persons in which the Company Holds 10% or more Shares (Subsidiary)

Company Name:	Cloud Creation Company Limited
Registration Number:	0105554030865
Type of Business:	Electronic System Service, Installation and Development
Registered Capital:	50,000,000 Baht 500,000 Ordinary Shares Par Value: 100 Baht per Share
Paid-Up Capital:	50,000,000 Baht 500,000 Ordinary Shares Par Value: 100 Baht per Share
Preferred Stock:	none
Company Registration Date:	March 2, 2011
Proportion of Shares Held:	100%
Netbay Public Company Limited	
Main Office:	719/8-9 Rama 6 Road Wangmai Pathumwan, Bangkok
Telephone Number:	02-219-5558
Fax Number:	02-612-3513

References: Auditor

EY Company Limited

Mr. Sophon Permsirivallop	Certified Public Accountant, License No. 3182 or,
Ms. Rungrapa Lertsuwankul	Certified Public Accountant, License No. 3516 or,
Ms. Pimjai Manitkajohnkit	Certified Public Accountant, License No. 4521 or,
Ms. Sumana Punpongsanon	Certified Public Accountant, License No. 5872

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Bangkok 10110

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The Nature of Business

Policy and the Overview of Business

Netbay Public Company Limited (“Netbay”) was established on November 19, 2004 with a registered capital of 10 million Baht. Netbay is a joint venture between a group of shareholders and the executives of Software Link Company Limited (“Software Link”), an electronic transactions software development company (e-Business) and Internet Thailand Public Company Limited (“INET”), Thailand’s first internet service provider, in order to operate a product development business and service business for a comprehensive electronic transaction services (e-Business) between Business-to-Government Services (B2G), Business-to-Business Services (B2B) and Government-to-Citizen Services (G2C). On April 22, 2014, the Company had a registered capital in the amount of 200 million Baht and paid up capital of 160 million Baht. Later, the Company offered 40,000,000 additional shares and registered in the Market for Alternative Investment (MAI) on June 16, 2019. As a result, the Company has registered capital of 200 million Baht and 200 million Baht paid up capital. In addition to that, Netbay Public Company Limited holds Cloud Creation Company Limited’s shares (“Cloud Creation”) at a percentage of 100% of the total registered and paid up shares in order to support the service of e-Business Services group. Cloud Creation engages in the businesses of providing Customer Due Diligence (CDD Gateway) and Electronic Transaction Reporting Gateway (ETR Gateway) and Cloud Creation is the owner of Private Cloud Computing System.

The Company is primarily engaged in the development of electronic transactions products (e-Business) and provides a full scaled of Software as a Service (SaaS) for Business-to-Government Services (B2G), Business-to-Business Services (B2B) and Business-to-Consumer Services (B2C). The operators who use the Company’s electronic transaction services will receive optimum benefits from the Company’s services according to the Company’s vision which is “Better, Faster, Cheaper” and the Company will collect service charges on each transaction or a monthly fee.

The electronic transaction system offered by the Company to various agencies is in the full scaled form of Software as a Service (SaaS). This services cover the data center, the Disaster Recovery Center, the operating software system that support electronic transaction system (platform as a service) which was developed by the Company, electronic transaction systems, networking systems and the protection of information, etc. This is an important part which enables various agencies to be able to access information technology system services without needing a high investment budget (Cheaper), having working systems that can be used quickly (Faster), without wasting time and increasing effectiveness at work and reducing complications (Better) for agencies in the areas of providing working systems, designing working systems, development, and the installation and maintenance of working systems.

The Company’s services are an important logistical tool that enables the customer’s corporate working systems to be carried out effectively, quickly, connecting to one another and reducing the use of high-cost, error-prone human resources. It is a service that could reduce the customers’ logistical costs and be able to build competitive capabilities for customers and Thailand. The electronic transaction systems that the Company

has developed and offered to customers are essential for the effective and legal business operations of the customers. As a result, the Company regularly earns recurring revenue from providing continuous services. In addition to this, the Company does not need to carry the cost of inventory and the distribution costs for the Company's products to customers.

The Corporate e-Business services are divided into 3 services groups. They are:

1. e-Logistics Trading Services
2. e-Business Services
3. Projects and Others

e-Logistics Trading Services

The Company's e-Logistic trading services provide services to target groups in the form of an optional main service between e-Customs Paperless or e-Express services. The main users of the e-Logistic trading services are import-export operators. Customs e-Payment will also be provided as an additional service to facilitate the customer. In addition to this, the Company provides e-Manifest, a paperless report for imports/exports system. The main users of this are terminal operators, shipping lines operators, shipping line agents and land transport operators who are responsible for reporting inventory to the customs department.

e-Business Services

The Company is a provider of electronic transactions between Business-to-Government (B2G) and electronic transactions between Business-to-Business (B2B). Currently, the main business services are being electronic data interchange provider for electronic transaction reporting and electronic data interchange provider for audit report services, a service that provides customers facts to financial institution, and private sectors. This includes businesses that have a responsibility to comply with the laws and the notifications of the Anti-Money Laundering Office (AMLO) by sending electronic mail to the AMLO Office, as well as the process of verifying the identity of customers who have made transactions.

Projects and Others

Since the Company offers electronic transaction services to various customers from the two main types of services mentioned above, the Company was entrusted due to its service performances which includes the knowledge and experience of the working team. The Company has been requested by its clients or related entities to develop internal information systems for its clients or entities in the form of special projects. The Company receives revenue from this project development while project development is taking place only. This is in accordance with the dated specified in the contract. This is different from other services which are in the form of providing continuous revenue.

In 2016, Netbay joined and is part of some major projects in the public sector. They are involved with electronic messages and electronic communications between agencies and the government and between government agencies and businesses. The following are some key projects:

- Project links information between the members of the Thai Chamber of Commerce and the Chamber of Commerce of Thailand with a system for issuing a Certificate of Origin, a document certification system for trading and exporting, and a system for the issuance of product certification.
- An electronic data interchange project for electronic manifest information (e-manifest via ship) and cargo permits via the NSW system of the Port Authority of Thailand (Bangkok Port and Laem Chabang Port).
- Project links between the Comptroller General's Department via e-GP Portal Services and the business sector for the issuance of electronic letters of guarantee.
- A project of SCG Logistics Management (SCGL), under Siam Cement, as one of the partners for the Bright & Shine Project in transforming SCGL's logistical systems into a fully integrated electronic system for internal and external services.

In addition to this, the e-Business Services Group has expanded its CDD Gateway services to non-banks financial institutions. This greatly expanded the customer base for rendering services.

Revenue Structure

The Company's revenue structure categorized by service groups over a period of 3 years and are described as follows (2014–2016).

Revenue Structure	Consolidated Financial Statement					
	2014		2015		2016	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
e-Logistics Trading Services	130.04	70.39	150.52	67.25	165.21	60.53
e-Business Services	51.14	27.68	65.71	29.36	86.30	31.62
Projects and Others	3.56	1.93	7.58	3.39	21.43	7.85
Total Service Income	184.74	100.00	223.81	100.00	272.94	100.00
Revenue Growth	23.73		21.15		21.95	

Important Financial Information and Operational Performance

Netbay Public Company Limited and its subsidiary

Operational Performance of the Consolidated Financial Statement (Unit: million Baht)

Financial Position	2014	2015	2016
Total Assets	198.01	251.08	468.81
Total Liabilities	91.46	93.66	125.36
Shareholders' Equity	106.55	157.42	343.44

Performance	2014	2015	2016
Service Income	184.74	223.81	272.94
Total Revenue	185.22	225.22	277.09
Costs of Services and Service and Administrative Expenses	164.37	156.82	182.04
Gross Profit	127.97	173.59	214.31
Profit before Finance costs, Income Tax, Depreciation and Amortization	38.00	69.88	98.19
Net Profit	16.44	65.05	89.32

Financial Ratios

	2014	2015	2016
Liquidity Ratio (times)	2.28	2.62	3.33
Gross Profit Margin (%)	69.27	77.56	78.52
Net Profit Margin (%)	8.87	28.88	32.24
Return on Assets (%) ⁽¹⁾	8.89	28.97	24.81
Return on Equity (%) ⁽²⁾	15.05	49.29	35.67
Debt to Equity Ratio (times)	0.86	0.59	0.37

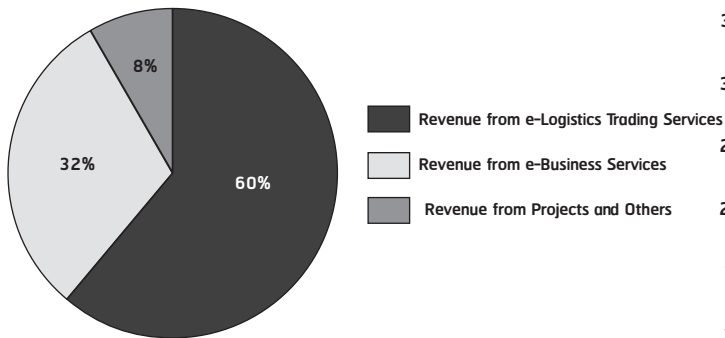
Remarks: (1) Calculated by using the average of total assets

(2) Calculated by using the average total shareholders' equity.

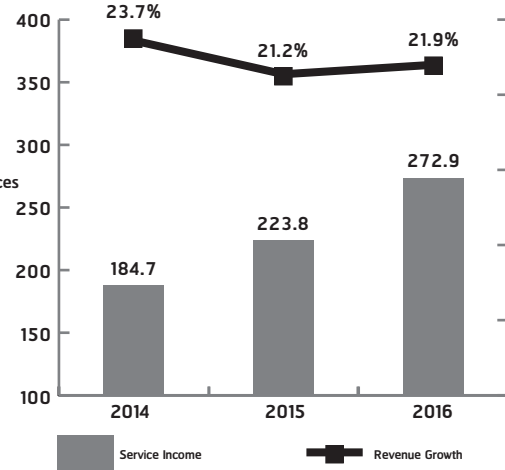
Comparison of Information per Share (Baht)

	2014	2015	2016
Basic earnings per share	0.11	0.41	0.49
Weighted average of ordinary shares (shares)	145,205,479	160,000,000	182,076,503
Par value	1	1	1
Issued and paid-up ordinary shares at the end of the year (shares)	160,000,000	160,000,000	200,000,000

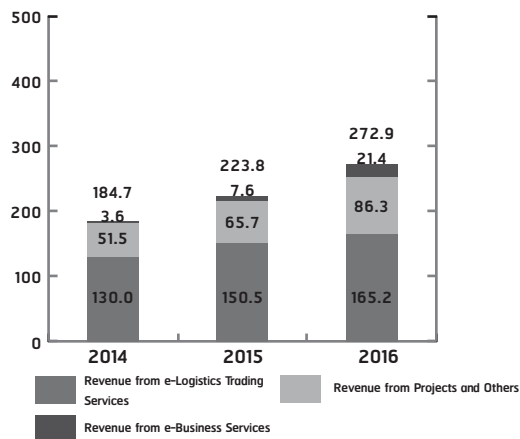
Service Income Breakdown in 2016



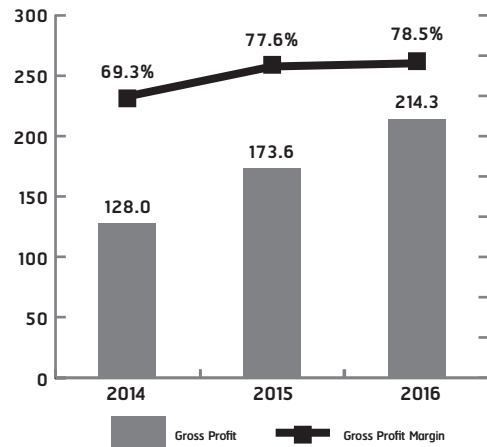
Service Income (Million Baht)



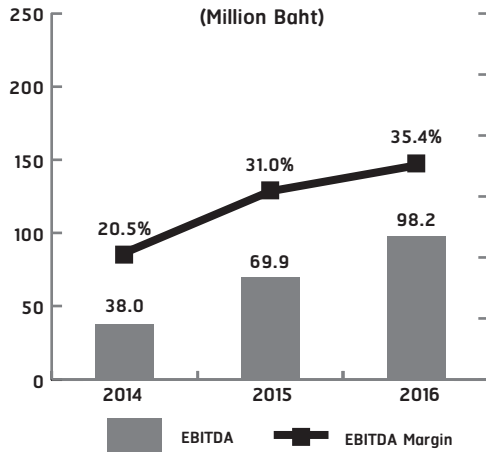
Revenue by Service Group (Million Baht)



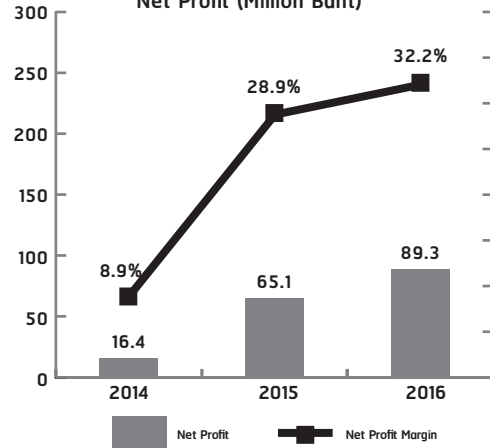
Gross Profit (Million Baht)



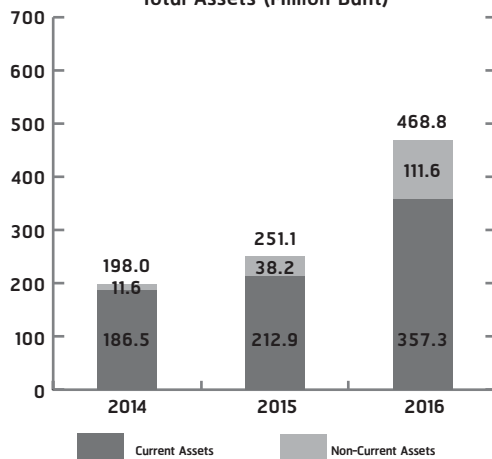
Profit before Finance Costs, Income Tax, Depreciation and Amortization (Million Baht)



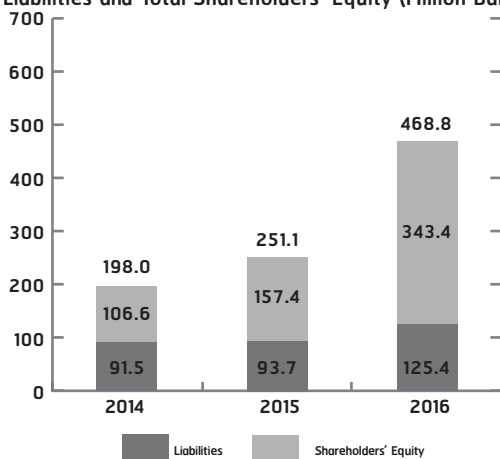
Net Profit (Million Baht)



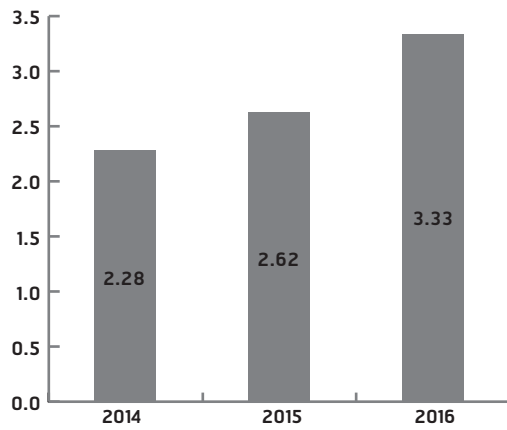
Total Assets (Million Baht)



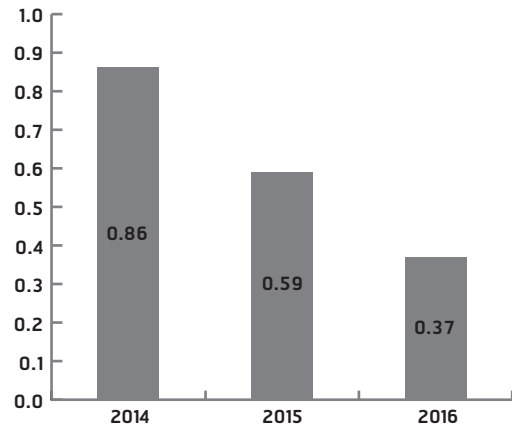
Liabilities and Total Shareholders' Equity (Million Baht)



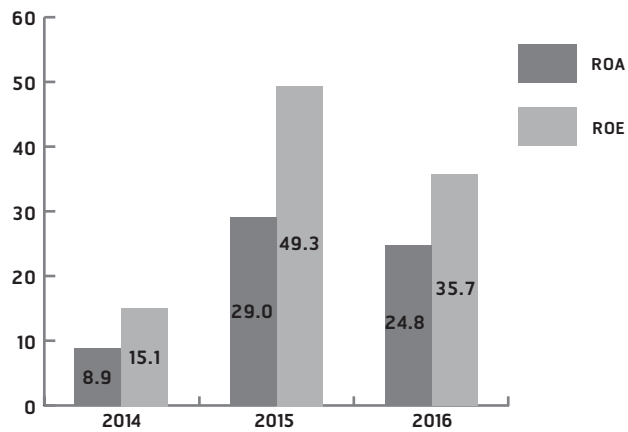
Liquidity Ratio (Times)



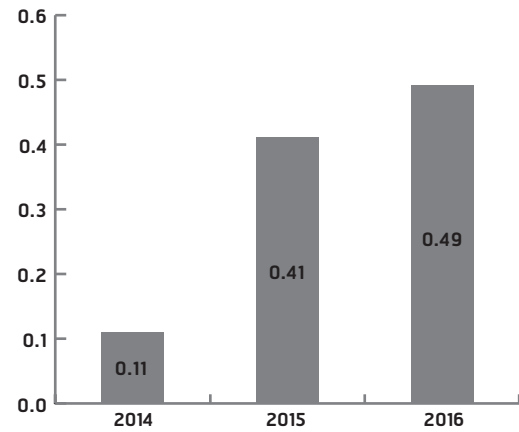
Debt to Equity Ratio (Times)



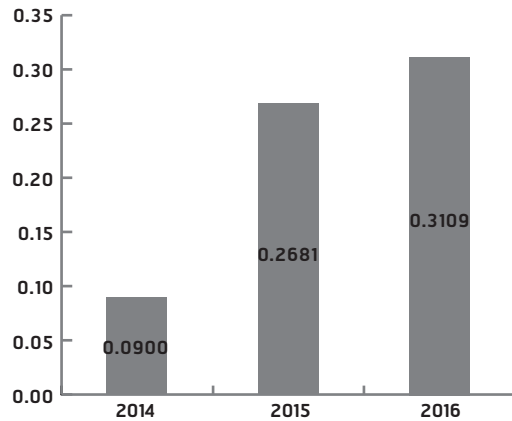
Return on Assets Ratio/Return on Equity Ratio (Percentage)



Earnings per Share (Baht per Share)



Dividends per Share (Baht per Share)



Risk Factors

In conducting the Company's business, risk factors that the Company believes may significantly affect the Company's financial status and its performance include:

Risk from the Business of the Company

1. Competition Risk

The Company's main business is providing electronic customs clearance services. As of December 31, 2016, there were 3 service providers connected to the Custom Computer System (Gateway) and 17 electronic data interchange service providers (VANS) which offers similar services (refer to the Thailand National Single Window website). Because government agencies do not grant concessions to these service providers, this may affect the future if new service providers were able to meet the requirements of government agencies and render services as a connector to customs' computer system (Gateway) or provide additional electronic data interchange (VANS). This may cause the Company to face a high competitive risk which may lead to price competition.

However, the Company has its strengths. The Company is the only comprehensive service provider that connects to customs' computer system with the Gateway computer system and provides electronic data interchange (VANS) for logistics customers. This gives the Company a competitive edge. In addition to this, the Company has marketing strategies that aim at maintaining its existing customer base and consistently expands a new customer base. Besides this, the Company has set reasonable pricing, which makes it difficult for new competitors to gain the Company's market share. The Company also focuses on developing products that are easy to use with stable data interchange. The Company continues to develop innovative products and services consistently.

2. Risk from Government Agencies and Relevant Private Sectors Revoked the Necessary Permissions

The Company has received permission from public and private agencies sector such as the Customs Department, the Anti-Money Laundering Office, the Bank of Thailand and commercial banks, etc. If these agencies revoke the necessary permissions, the Company may not be able to provide services to its customers. If other competitors were able to comply with all of the requirements of the government agencies, they would become the Company's competitor in rendering services to the Company's customers which may affect the Company's financial position and performance.

However, the Company provides efficient services in terms of system stability, security of use and services. Throughout the years, the Company has never had a permission revoked by any government agencies or any related private sectors. This makes the executives of the Company believe that the Company will continue to receive the necessary permission from relevant authorities.

3. Risk from the Company's Revenue Comes from the Provision of Electronic Customs Clearance Paperless Services

At present, the Company's main revenue comes from the e-Customs Paperless service. This accounts for 49.52%, 46.83% and 42.12% of the total revenue from 2014 to 2016 respectively. Change in this revenue will have a significant impact on the financial position and the performance of the Company.

Nonetheless, e-customs clearance services are also likely to grow significantly in the future due to a tendency for rising volume of imports and exports as a result of economic expansion and the opening of the ASEAN Economic Community (AEC). The Company is the leading service provider company rendering e-custom services with policies to maintain existing customers' base and continually expand its customer's base. This can be seen from the market share of the data interchange. In 2014, the Company's data interchange via e-custom services was at an average level of 70 and had approximately 300 customers. Currently, the Company has policies to significantly increase the proportion of other types of service revenue such as sales revenue from the CDD Gateway service, which commenced in 2013. This has consistently reduced the proportion of e-Customs Paperless services. In addition to this, the Company plans to launch its e-DLT service which is related to the provision of electronic transactions between the private sector and the Department of Land Transport in the year 2017. This would prevent the potential risk of the majority of revenue coming mainly from e-Customs Paperless services.

4. Risk of Dependence on Personnel

The business of the Company is an information technology business which is based on the knowledge, ability and expertise of personnel who understand the problems and processes of transactions in order to develop systems that meet the demands of the market. The Company also relies on a team of computer engineers, especially those with more than 3 years of experience in developing computer programs. The loss of these individuals will adversely affect the Company's operations and its competitiveness.

Due to an awareness of such risks, the Company continually emphasizes the importance of human resources development. The Company's work is a team-based, allowing the team members to be able to fill in for one another. The Company also organizes training courses to continually educate its personnel. The Company has a policy to provide competitive level of remuneration to its employees and to motivate employees to work with the Company for a long period of time. In addition to this, the Company also has a cooperative program with educational institutions to co-host cooperative education. This allows students to learn through practical work. The Company also provides opportunities for students to join the Company as a trainee and they are eligible for full-time employment after graduation. At the end of 2015, the Company had 26 employees. In 2016, only one of those 26 employees resigned from being a member of computer engineering team. This employee had less than 3 years of work experience which was considered to be a minor amount and at a level that did not materially affect the Company's operations significantly. The Company provided personnel to supplement the engineering team, as a result the total number of employee in the engineering team was 26 people at the fiscal year ended 2016.

5. Risk from Changes to Government Policies

The Company's services rely on government policies that support electronic transactions in various forms, such as e-Custom Paperless services for customs and the ETR Gateway, the Electronic Transaction Reporting Gateway for the Anti-Money Laundering Office. As a result, changes in government policies may affect the Company's financial status and performance.

However, presently, the public and private sectors have a policy to support electronic transactions which are convenient, reduce operating costs, reduce the risk of lost documents, and are secure. The government places an importance on the prevention of money laundering. Moreover, the government will notify of such changes before adopting a new policy. The Company will have time to adjust its operating plans to align with any new government policies.

6. Risk from the Stability of the Service System

The stability of the customer service system is one of the important factors that customers consider when they choose a service provider. The Company's service is an important part of the customer's business system and this requires continuous use all the time. Thus, if the Company's service system does not work properly due to various reasons such as faulty processing, connection failures, hardware failures or the inability of the system to accommodate a large number of concurrent users, this will affect the reliability of the Company's services and will affect its financial position and the results of the Company's operations. The Company has entered into a customer service agreement with a guarantee of system availability. The Company is willing to reimburse service charges with the value not exceeding the customer's credit limit of service usage in case the Company's system was not functioning.

The Company focuses on the importance to these factors and as a result the Company takes concise actions to ensure that the Company's service system is stable and able to support the needs of customers with a backup system ready to work immediately when the main system is not available. The system will be tested to ensure that it works properly before opening for service. There is also a team of engineers that monitor the system 24 hours. The Company's policy has made the Company's system available at least 99.5 percent of the time. The Company is also certified with ISO 27001, which is the international standard for information technology services.

7. Risk of Technological Change

The information technology business is a fast-changing business because various technologies that are used in product development are always changing. Both programs and electronic devices have changed. At present, the major programs that the Company uses to provide major sales revenue are the Company's own developed programs which were invented by the Company.

If a Company is unable improve its services to keep pace with changing technology, it may cause the Company to lose its ability to compete and that affects its financial position and the Company's operational results. Other than that, the rapid change of technology will also affect different electronic materials of the Company. For example, computer networks may not be able to support new devices. This may result in the Company having to supply various electronic devices.

However, the Company has always focused on keeping up with technology. As a result, the Company has a policy to regularly organize training about programs or other new technologies. The Company also adopts new innovative technology to help with product development in order to meet the need of customers even more. The Company has a team of consultants and external experts who provide knowledge and advice on services and system development to meet the needs of customers under the right technology. In addition to this, in considering the investment in the Company's computer systems and equipment, at present, the Company has a policy to lease Private Cloud Computing and other network systems instead of purchasing. However, in order to maintain quality standards for the Company's services, in some cases, the Company may need to purchase certain equipment or systems if the Company cannot obtain a quality service provider or is unable to deliver services at the standards that the Company requires.

8. Risks from Changes in the Format of the Data Interchange (Schema) of Relevant Government Agencies

At times, relevant government agencies change the format of the data transmission. The Company has to make changes in the data format to be consistent with the requirements of government agencies. Therefore, if the Company cannot change the data format in a timely manner, customers of the Company may not be able to use the Company's services and this could cause the Company to lose customers. This may affect the Company's income and financial position.

In the past, the Company provided various services for customers in a Client Base. This caused delays in the implementation of changes in data format for each customer. However, at present, the Company has changed its service model for customers to a Web base. If government agencies change the format of the data transmission, the Company can update its software for all customers at once.

9. Risk from the Uncertainty of Return on New Business

To create a sustainable good return for shareholders, the Company plans to offer new types of services called e-DLT projects. This is an electronic car tax payment system. The success of these projects depends on several factors. These factors include market needs and trends, user behavior, different laws and regulations, changes in the political situation, and the country's economy. Some of these factors are beyond the Company's control and may adversely affect the Company's financial condition and performance.

However, before offering these services, the Company studied the feasibility of marketing very well. The Company's product development team is experienced and has the ability to develop software that meets customer needs and solves problems that may occur in the future. In addition to this, the electronic car tax payment system is a direct collaborative development between the Company and customers, thus ensuring that the Company's services will have a customer base that is quite certain.

Management Risk

1. Risk from Major Shareholders who have the Power to Set Management Policies

As of December 31, 2016, Mr. Pichit Viwatrujirapong holds 60% of the Company's shares. This means he has the ability to control almost all the resolutions at the shareholders' meeting such as appointing the Company's directors or requesting for a resolution that requires a majority vote at the shareholders' meeting. It also includes controlling policies and the operations of the Company by being able to hold the position of chairman on the executive committee, except for matters that the law or the Company's Articles of Association requires a three-fourths vote at the shareholders' meeting. These votes include amendments to the Company's Articles of Association, capital increases and capital reductions, etc. Therefore, other shareholders of the Company may be at risk from the inability to collect votes to check the balance of power of the major shareholders.

However, in order to make the business operations of the Company transparent, there is a balance of power in the management of the Company. The Company has set up a management structure which is comprised of the board of directors, the audit committee, the nomination and remuneration committee and the executive committee, which consists of competent personnel. The scope of operations and the delegation of authority of directors and executives are clearly defined. Measures are defined regarding connected transactions with directors, major shareholders, controlling authorities and people who may have conflicts. In addition to this, there are three independent external members on the Company's board of directors, all of whom serve on the audit committee in order to counterbalance decisions and approve items before presenting them to the shareholders. The Company also hired an internal audit firm to review the internal control systems in order to meet the defined work system. In addition to this, Internet Thailand Public Company Limited is a major shareholder holding 20% of the paid-up capital after listing on the Stock Exchange of Thailand. This also helps to balance the power of decision making and management of the Company to benefit all shareholders.

Shareholding Structure and Management

1. Shareholders

Netbay Public Company Limited

As of December 31, 2016, the Company's top 10 shareholders are as follows.

Name of Shareholder	As of December 31, 2016	
	Number of shares	Percentage
1. Mr. Pichit Viwatrujirapong	119,999,980	60.00
2. Internet Thailand Public Company Limited	31,040,800	15.52
3. Employee Provident Fund of the Bank for Agriculture and Agricultural Cooperatives that are Registered by UOB Asset Management Company Limited (Thailand)	2,731,100	1.37
4. Mr. Vichaya Mekaapirak	2,700,000	1.35
5. Ms. Tikumporn Boonlikitcheeva	2,050,000	1.03
6. Ms Jarunee Chinwongworasakul	2,000,000	1.00
7. United Thai Small and Mid-Cap Equity Fund	1,971,200	0.99
8. Ms. Hathairat Yingpanyachote	1,538,600	0.77
9. Mr. Thawat Petchlohakul	1,418,500	0.71
10. Mr. Paween Nopkunthong	1,380,300	0.69
Other shareholders	33,169,520	16.57
Total	200,000,000	100.00

Remarks: Regulations regarding foreign shareholdings – foreign shareholders shall not have shares exceeding 49% of all issued and paid-up shares. As of December 31, 2016 the Company have not any foreign shareholders.

The Company's Subsidiary

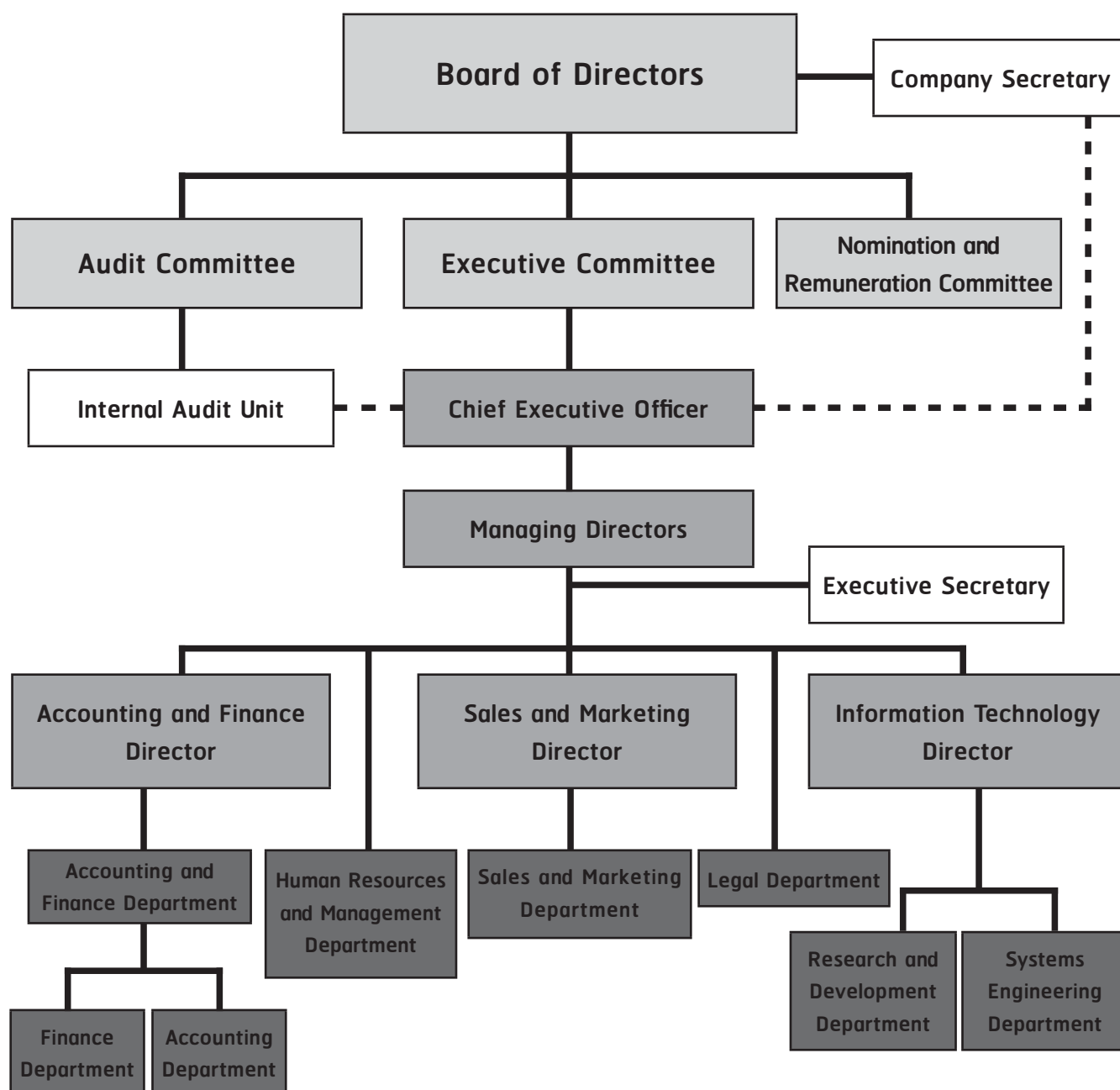
Cloud Creation Company Limited

As of December 31, 2016, the list of Cloud Creation Company Limited shareholders was summarized below.

Name of Shareholders	As of December 31, 2016	
	Number of shares	Percentage
1. Mr. Pichit Viwatrujirapong	1	–
2. Mr. Arthit Pasukyued	1	–
3. Netbay Public Company Limited	499,998	100.00

Management Structure

As of December 31, 2016, Netbay Public Company Limited's management structure was comprised of the board of directors and 3 subcommittees. The subcommittees are the audit committee, the nomination and remuneration committee and the executive committee as follows.



Remarks: *The Internal Audit Unit will work directly with the Audit Committee by coordinating with the independent internal control appraisal company that the Company signed contract of employment. The internal audit unit will report the operational results and give recommendations to the Chief Executive Officer to acknowledge.

Management Structure of the Company's Subsidiary

As of December 31, 2016, the management structure of Cloud Creation Company Limited was as follows.



2. The Board of Directors

As of December 31, 2016, the board of directors was comprised of the following 8 directors.

Name, Last Name	Position
1. Prof. Dr. Pairash Thajchayapong ¹	Chairman
2. Mr. Pichit Viwatrujirapong ²	Vice Chairman and Chief Executive Officer
3. Mr. Sahas Treetipbut ¹	Director
4. Mr. Akaradej Rojmeta ²	Director
5. Mr. Pichai Asavanapakas ²	Director
6. Mrs. Patama Wongtoythong	Director/ Independent Director/Chairman of the Audit Committee
7. Mr. Vichit Yanamorn	Director/Independent Director/Audit Committee Member/Nomination and Remuneration Committee Member
8. Mr. Suvit Arunanondchai	Director/Independent Director/Audit Committee Member/Nomination and Remuneration Committee Member

Remarks: ¹ Appointed as director by Internet Thailand Public Company Limited

² Directors 2, 4 and 5 are directors who have authority to sign on behalf of the Company.

Two-thirds of these directors must sign their names together and affix it with the Company's seal.

Directors who have Authority to Sign on Behalf of the Company

Mr. Pichit Viwatrujirapong, Mr. Pichai Asavanapakas and Mr. Akaradej Rojmeta are directors who have the authority to sign on behalf of the Company. Two-third of these directors must sign their names and affix it with the Company's seal.

The Company Secretary

Ms. Quanying Wongkasemjit is the Company Secretary. She was appointed by the board of the Company on December 11, 2016.

The Board of Directors' Meeting

Meeting attendance for the board of directors for 2016 is as follows.

Name, Last Name	Number of Times Attended/Total Number of Meetings
1. Prof. Dr. Pairash Thajchayapong	6/6
2. Mr. Pichit Viwatrujirapong	6/6
3. Mr. Sahas Treetipbut	6/6
4. Mr. Akaradej Rojmeta	6/6
5. Mr. Pichai Asavanapakas	6/6
6. Mr. Wanchai Vejcheevadumrong ¹	5/6
7. Mrs. Patama Wongtoythong	6/6
8. Mr. Vichit Yanamorn	6/6
9. Mr. Suvit Arunanondchai	6/6

Remarks: ¹Mr. Wanchai Vejcheevadumrong, resigned from the position of director as of November 29, 2016.

The Scope of Authority, Duties and Responsibilities of the Board of Directors

Duties of the board of directors are as follows.

1. To perform the duties in accordance with laws, objectives and regulations of the Company and the resolutions of the Shareholders' meeting with honesty and to protect the benefits of the Company.
2. Consider the details and approve the vision, business strategy, policies, goals, guidelines, and the Company's operational plans as prepared by management and presented to the board of directors.
3. To oversee the management and performance of management or any person entrusted with such duties in order to comply with the policies set forth by the board of directors.
4. Continually monitor the performance of the Company in order to be in compliance with the operational plans and the Company's budget.
5. To manage management in order to have an accounting system, financial reporting and reliable auditing and to ensure that there was adequate and appropriate internal control systems.

6. Review the risk management process and risk management policies and follow-up on the results of risk management.
7. To consider the acquisition or disposal of assets, investments and any actions taken in order that they are in compliance with laws, notices, rules and any relevant regulations.
8. To consider and approve the Company's connected transactions in order that they are in accordance with the laws, notices, rules and any relevant regulations.
9. Prevent any conflicts of interest between the Company's stakeholders.
10. Consider various matters by taking into account the interests of the shareholders and stakeholders of the Company fairly. Directors must notify the Company without delay if they have a stake in the contract. For transactions in which directors or any person has any possible conflicts of interest, directors who are stakeholders do not have the right to vote for the approval of that transaction.
11. Provide written policies on good corporate governance in accordance with the corporate governance principle. Review the Company's corporate governance policies to ensure that the Company is responsible to all its stakeholders fairly.
12. If necessary, get professional advice from outside organizations in order to make the correct decision.
13. Consider the appointment of Chief Executive Officer and the subcommittees. For example, the audit committee, the executive committee, etc. To determine the powers and responsibilities of the Chief Executive Officer and the subsidiary' board of directors' in order to monitor management systems and internal control systems as set forth in the policies.
14. Consider the appointment of the Company Secretary in order to ensure that the board of directors and the Company complies with any laws, announcements, rules and regulations.
15. Consider changing the scope of authority and responsibilities of the audit committee, the executive committee, the nomination and remuneration committee and the Chief Executive Officer as deemed appropriate and necessary.
16. Evaluate the performance of the board of directors. The board of directors will evaluate their performance on an annual basis and consider ways to improve the board's performance in order to be more effective.

Therefore, the board of directors must not delegate authority or responsibilities to the board of directors and/or any authorized person to approve transactions in which the board or any individual that may have a conflict of interest (as defined in the notifications of the Securities and Exchange Commission and the notifications of the Capital Market Advisory Board) or may have a stake or any kind of benefit in any way or have any other conflict of interest with the Company, other than the approved transactions that are done in accordance with the policies and regulations of the meeting of shareholders or the board of directors' consideration for approval.

Director Recruitment

When selecting a person to be a director or an executive of the Company, the board of directors that hold the position during that time will select a suitable person by considering the appropriate qualifications and make sure they are aligned with the Company's strategies and operational plans. The person must be qualified in terms of knowledge, ability, experience, dedication, and the person appointed to be a director or executive of the Company must be fully qualified under Section 68, Public Company Act BE 2535 (as amended) and the notifications of the Board of Governors of the Stock Exchange of Thailand and the relevant Capital Market Supervisory Board. The appointment of directors and management of the Company has to be approved by the board of directors and/or the shareholders' meeting (as the case may be).

The Term of the Office of the Board of Directors

At every annual General Meeting of Shareholders, one third of the directors shall retire. If the number of directors cannot be divided equally into three parts, then the number of directors that are retiring will be rounded to number nearest one-third in the first year. In the second year, after registering the conversion of a limited company to a public limited company, a lottery method shall be used. In the following years, the longest tenured directors shall leave their office. However, directors who have retired by rotation may be re-elected.

The Meeting of the Board of Directors

1. The board of directors shall have a meeting at least once every three months. The board of directors' meeting shall be held in the locality where the Company's head office is located or at any location that chairman or the appointed chairman determines.
2. The board of directors shall elect one director to be the chairman. In the case where the board deems it appropriate to elect one or more directors to be a vice chairman and a managing director, the position shall be held for a period as agreed upon by the board.
3. The meeting of the board of directors will be called when the chairman of the board of directors calls a meeting or if two or more directors request a meeting of the board of directors. The chairman shall appoint the date of the meeting within fourteen days of receiving the request to meet.
4. When calling a meeting of the board of directors, the chairman or the authorized person shall send a notice of the meeting to the directors no less than seven days prior to the meeting date, except in urgent cases to maintain the benefits of the Company. The meeting will be notified through other means and the meeting date may be earlier than that.
5. At the board of directors meetings, at least half of the total number of directors needs to be present at the meeting in order to constitute a quorum.

In the case that the chairman is not present at the meeting or is unable to perform the duty, the vice chairman shall act on behalf of the chairman. If the vice chairman is not present at the meeting or is unable to perform the duty or the vice chairman position is vacant, the board of directors may appoint one of the directors present at the meeting to be chairman of the meeting.

Decisions at the meeting shall be taken by a majority of votes.

Each director has one vote except a director who has a stake in that matter. Then he or she has no right to vote on that matter. If there is a tied vote, the chairman of the meeting shall have the deciding vote.

Changes in Securities Held by the Board of Directors of Netbay Public Company Limited as of December 31, 2016.

Name	Netbay Public Company Limited			
	Number of Shares (Ordinary Shares)			
	Personal Shares	Increase (Decrease) in the Number of Shares during the Year	Spouse Children	Increase (Decrease) in the Number of Shares during the Year
Prof. Dr. Pairash Thajchayapong	-	-	-	-
Mr. Pichit Viwatrujirapong	119,999,980	-	-	-
Mr. Sahas Treetipbut	-	-	-	-
Mr. Akaradej Rojmeta	10	-	-	-
Mr. Pichai Asavanapakas	10	-	-	-
Mrs. Patama Wongtoythong	-	-	-	-
Mr. Vichit Yanamorn	-	-	-	-
Mr. Suvit Arunanondchai	-	-	-	-

Changes in Securities Held by the Company's Board of Directors' for Subsidiaries as of December 31, 2016.

Name	Cloud Creation Company Limited			
	Number of Shares (Ordinary Shares)			
	Personal Shares	Increase (Decrease) in the Number of Shares during the Year	Spouse Children	Increase (Decrease) in the Number of Shares during the Year
Prof. Dr. Pairash Thajchayapong	-	-	-	-
Mr. Picht Viwatrujirapong	1	-	-	-
Mr. Sahas Treetipbut	-	-	-	-
Mr. Akaradej Rojmeta	-	-	-	-
Mr. Pichai Asavanapakas	-	-	-	-
Mrs. Patama Wongtoythong	-	-	-	-
Mr. Vichit Yanamorn	-	-	-	-
Mr. Suvit Arunanondchai	-	-	-	-

Board of Directors



Prof. Dr. Pairash Thajchayapong

Age: 72 years old

Position: Chairman of the Board

Education:

- Honorary Doctorate Degree in Information and Communication Technology, King Mongkut's Institute of Technology Ladkrabang
- Honorary Doctorate Degree in Engineering, Tokai University, Japan
- Ph. D from Cambridge University, United Kingdom
- Bachelor degree, 1st class honor, in Electrical and Electronic Engineering, Imperial College of Science and Technology, London University, United Kingdom

Training:

2009 Director Certification Program, Thai Institute of Directors

Other Positions/ Other Businesses:

- Chairman of Internet Thailand Public Company Limited
- Director of Wisdom Wave Company Limited
- Specialist and Senior Advisor at the National Science and Technology Development Agency

Previous Experience over the Past 5 Years:

July – September 2004 Senior Official Advisor to the Prime Minister in Science and Technology



Mr. Sahas Treetipbut

Age: 69 years old

Position: Director

Education:

- Bachelor of Commerce in Statistics, Faculty of Commerce and Accounting, Chulalongkorn University.
- Master of Science, Computer and Information Sciences, Syracuse University, New York, USA

Training:

- 1993
- Advanced Management Program For Overseas Bankers, The Wharton School, University of Pennsylvania, USA
 - Diploma, National Defense College, The Joint State – Private Sector Course 4212, Thailand National Defense College in 1999
 - Director Accreditation Program Class 28/2004, Thai Institute of Directors Association

Other Positions/Other Businesses:

- Chairman of Thiensurat Public Company Limited
- Chairman of the Board and Audit Committee for Office Mate Company Limited
- Chairman of The Audit Committee and Director of Origin Property Public Company Limited
- Director of Internet Thailand Public Company Limited
- Director of MBK Resort Public Company Limited
- Advisor for Siam Trade Company Limited

Previous Experience over the Past 5 Years:

- Advisor for KTB general services Company Limited
- Advisor for Bank for Agriculture and Agricultural Cooperatives
- Advisor for Islamic Bank of Thailand
- Director of Office of the Electronic Transaction Commission (two times)



Mr. Pichit Viwatrujirapong

Age: 66 Years Old

Position: Director/Vice Chairman and Chief Executive Officer

Education:

- Master of Political Science in Political Management, Faculty of Political Science, Ramkhamhaeng University
- Bachelor of Political Science, Faculty of Political Science, Ramkhamhaeng University

Training:

2013 Director Accreditation Program, Thai Institute of Directors

Other Positions/Other Businesses:

- Chief Executive Officer/ President of Cloud Creation Company Limited
- Chief Executive Officer/ President of Creation Group Company Limited

Previous Experience over the Past 5 Years:

- 2013– Present
- Consultant for the Business Advisory Board of Giga Impact Initiative Program, National Science And Technology Development Agency
 - Committee Consultant for Software Industry Promotion Agency (Public Organization)
 - Chairman of a Subcommittee supporting and following up Software Productivity Program , Software Industry Promotion Agency (Public Organization)
 - Principal Advisor for Bangkok
 - Subcommittee for Investor Club, Thailand Board of Investment



Mr. Akaradej Rojmeta

Age: 62 Years Old

Position: Director

Education:

- Master Degree in Business Administration, Tarleton State University Texas, U.S.A.
- Bachelor Degree in Business Administration (Accounting), Thammasat University

Training:

2004 Director, Accreditation Program (DAP), Thai Institute of Directors

Other Positions/Other Businesses:

- Director of Cloud Creation Company Limited
- Director of Solartron Public Company Limited

Previous Experience over the Past 5 Years:

2004–2007 Director of Sunwood Industry Public Company Limited



Mr. Pichai Asavanapakas

Age: 56 years old

Position: Director/Executive Director

Education:

- Master Degree of Computer Science, University of Atlanta, Georgia, USA
- Bachelor of Science, Majoring in Statistics, Chulalongkorn University

Training:

2013 Director Accreditation Program, Thai Institute of Directors

Other Positions/Other Businesses:

- Managing Director of Cloud Creation Company Limited
- Director of Creation Group Company Limited

Previous Experience over the Past 5 Years:

2006 – April 18, 2014 Managing Director of Netbay Public Company Limited



Mrs. Patama Wongtoythong

Age: 57 Years Old

Position: Independent Director and Chairman of the Audit Committee

Education:

- Master Degree in Business Administration, University of Missouri, USA
- Bachelor of Accounting Program, Thammasat University

Training:

- 2006
- Director of Accreditation Program, Thai Institute Of Directors (IOD)
 - Director Certification Program, Thai Institute of Directors (IOD)
 - Financial Restructuring & Corporate Recovery, Organized by the World Bank and the Office of Corporate Debt Restructuring Advisory Committee
 - Senior Executive Development Program
 - Full Scale Internal Auditing and Control Program
 - Future and Derivatives for Investor Program

Other Positions/Other Businesses:

- Chief Executive Officer of Solartron Public Company Limited

Previous Experience over the Past 5 Years:

2007–2008 Vice Executive Officer of Solartron Public Company Limited



Mr. Vichit Yanamorn

Age: 70 Years Old

Position: Independent Director, Audit Committee, Nomination and Remuneration Committee

Education:

- Master of Science in Computer and Sciences, University of Iowa, USA
- Bachelor of Commerce in Statistics, Faculty of Commerce and Accounting, Chulalongkorn University.

Training:

2007	Audit Committee Program, Thai Institute of Directors
2004	Director of Accreditation Program Class 34, Thai Institute of Directors

Other Positions/Other Businesses:

- Independent Director, Audit Committee of IT City Public Company Limited
- Director of New Continent Company Limited
- Consultant for Information Technology Committee of Thanachart Capital Public Company Limited
- Consultant for Information Technology Committee of MBK Public Company Limited
- Independent Director of Thai Feed Mills Public Company Limited
- Director of The Grand UB Company Limited
- Public Sector Audit Communication Subcommittee, Department of Homeland Security

Previous Experience over the Past 5 Years:

2001–2002	Deputy Chief Executive Manager, Technology and Operation Group, Siam Commercial Bank Public Company Limited
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Mr. Suvit Arunanondchai

Age: 67 Years Old

Position: Independent Director, Chairman of the Nomination and Remuneration Committee

Education:

- Bachelor of Economics, Louisiana Tech University, USA

Training:

- | | |
|------|--|
| 2015 | <ul style="list-style-type: none"> – Successful Formulation and Execution of Strategy (SFE) Thai Institute of Directors Association: IOD – Building Better Roads through Effectiveness Independent Director (Director Forum 2/2015), Thai Institute of Directors Association |
| 2014 | <ul style="list-style-type: none"> – Role of Compensation Committee (RCP), Thai Institute of Directors Association – Advance Audit Committee (AACP), Thai Institute of Directors Association |
| 2006 | Quality Financial Reporting Class 2/2006, Thai Institute of Directors Association |
| 2005 | Audit Committee Program (ACP) Class 4/2005, Thai Institute of Directors Association |
| 2002 | <ul style="list-style-type: none"> – Director Certification Program (DCP) Class 14/2002, Thai Institute of Directors Association – Director Diploma Examination (Follow Member), Thai Institute of Directors Association |
| 1985 | – PMD, Program for Management Development, Harvard Business School, Harvard University |

Other Positions/Other Businesses:

- Independent Director, Audit Committee, Chairman of Nomination and Remuneration of Ratchthani Leasing Public Company Limited
- Independent Director, Audit Committee, Nomination and Remuneration Committee of Thai Nippon Rubber Industries Public Limited.
- Director of Prevepass (Thailand) Company Limited

Previous Experiences over the Past 5 Years:

2002–2009	Independent Director and Audit Committee of Thanachart Bank Public Company Limited
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3. The Audit Committee

The board of audit committee was comprised of 3 independent directors who served on the audit committee as follows.

Name-Last name	Position
1. Mrs. Patama Wongtoythong	Chairman of the Audit Committee
2. Mr. Vichit Yanamorn	Audit Committee Member
3. Mr. Suvit Arunanondchai	Audit Committee Member

Ms. Patama Wongtoythong is an audit committee member who has sufficient knowledge and experience to review the reliability of the financial statements. Ms. Quanying Wongkasemjit is the secretary of the audit committee.

The Meetings of the Audit Committee

The attendance for meetings of the audit committee for the year 2016 was as follows.

Name-Last name	Number of Times Attended a Meeting/Total Number of Meetings
1. Mrs. Patama Wongtoythong	5/5
2. Mr. Vichit Yanamorn	5/5
3. Mr. Suvit Arunanondchai	5/5

The Scope of Authority and the Responsibilities of the Audit Committee

1. To review the accuracy and adequacy of the Company's financial reports.
2. To review the Company's internal control systems and internal audit systems to ensure that they are suitable and effective. To consider the independence of the internal audit unit. To approve the appointment, transfer or termination of the chief of the internal audit unit or any other unit responsible for the internal audit. This includes the hiring or termination of an internal audit firm or any other entity responsible for internal auditing.
3. To review the Company's compliance to laws regarding securities and the stock exchange and the requirements of the stock exchange and laws relating to the business of the Company.
4. To consider, select and nominate an independent person to be the Company's auditor. To propose the remuneration of that person as well as attend meetings with the auditors without management present at least once a year.

5. To consider connected transactions or transactions that may have conflicts of interest in order to be in compliance with the laws and regulations of the stock exchange and to ensure that these transactions are reasonable and for the greatest benefit of the Company.
6. To prepare the audit committee's report and disclose the report in the Company's annual report. This must be signed by the chairman of the audit committee. The audit committee's report must have at least the following information:
 - 1) Opinions on the accuracy, completeness, reliability and reliability of the Company's financial report.
 - 2) Opinions on the adequacy of the Company's internal control systems.
 - 3) Opinions regarding the compliance with the Securities and Exchange Act, the Stock Exchange Act or any laws relating to the business of the Company.
 - 4) Opinions about the suitability of the auditor.
 - 5) Opinions regarding transactions that may have a conflict of interest.
 - 6) The amount of audit committee meetings and each audit committee member's meeting attendance.
 - 7) Comments or overall observations by the audit committee from their operations.
 - 8) Other agendas item that shareholders and general investors should know under the scope of duties and responsibilities assigned by the board of directors.
7. To perform any other act assigned by the board of directors with the approval of the audit committee.
8. In regards to the performance of duties of the audit committee, if the audit committee finds or suspects that the following transactions or actions have occurred which have a significant impact on the Company's financial status and results of operations, the audit committee will report to the board of directors to get corrective actions within the time that the audit committee deems appropriate.
 - 1) Conflicts of Interest
 - 2) Fraud or there is something wrong or there are significant deficiencies in internal controls.
 - 3) Violations of the Securities and Exchange Act and the Stock Exchange Act or any laws relating to the business of the Company.
9. In regards to the performance of duties, the audit committee may seek independent opinions from any other professional advisor if deemed necessary at the expense of the Company.
10. In practice of the scope of authority and responsibilities, the audit committee shall have the power to invite management, executives or any relevant employees to report, give opinions, attend meetings or submit relevant and necessary documents.

Therefore, the board has the power to change the scope of authority and the responsibilities of the audit committee as it deems appropriate and necessary.

Recruitment of the Audit Committee

The board of directors is comprised of at least 3 audit committee members. The board of directors will select independent directors to serve on the audit committee and consideration of approval will be proposed to the board of directors or the shareholders' meeting. Therefore, the audit committee shall have the scope of duties and responsibilities as specified in the notifications of the Stock Exchange of Thailand regarding the qualifications and scope of work for the audit committee.

The Term for Holding a Position on the Audit Committee

Audit committee members shall serve 3 year terms except when stepping down from the position in order to be in compliance with the Company's Articles of Association. An audit committee member who steps down by rotation may be re-elected. In the case that a position on the audit committee is vacant for any reason other than for the expiration of the term, the board of directors shall appoint a qualified person to be on the audit committee so that the number of audit committee will be complete as prescribed by the board of directors. The person who replaces the audit committee member will hold the position for the remainder of the term of the audit committee member they replaced.

The Audit Committee Meeting

1. There should be at least 4 meetings per year. Management, executives, relevant employees or auditors may be invited to attend the meeting in order to give opinions or submit documents and information that is relevant or necessary.
2. At every audit committee meeting, a quorum must consist of no less than two thirds of the total number of audit committee members holding a position at that time in order to be considered as a quorum.
3. Audit committee members who have a stake in the consideration of any matter will abstain from voting on such matters. The audit committee has the right to vote. Each member has one vote. Resolutions are made by a majority vote. The secretary of the audit committee does not have the right to vote. In case of a tied vote, the chairman of the meeting shall have the deciding vote.
4. The Company's auditors shall meet at least once a year without management present.

The Recruitment of Independent Directors

The Qualifications of Independent Directors

The board of directors determines the qualifications of independent directors in accordance with the requirements of the Stock Exchange of Thailand. The qualifications of independent directors are as follows.

1. They must not hold more than one percent of the total voting shares of the Company, its parent company, its subsidiaries, affiliated companies, major shareholders or controlling persons of the Company. This includes shareholding of any person involved with the independent director.

2. They must not be or have been a director who was involved with management, staff, employees, consultants who receive a regular salary, or any controlling authority of the Company, its parent company, its subsidiaries, affiliated companies, subsidiaries, major shareholders or a controlling person of the Company unless they have ceased to have such characteristics for no less than two years before the date of requested permission to the Office of the Stock Exchange of Thailand. Such prohibited characteristics do not include the case in which independent directors were former officials or consultants of government agencies which are major shareholders or a controlling authority of the Company.
3. They must not be a person who has blood relations or have a binding legal registration such as a parent, spouse, sibling or child. This includes the spouse of a child of other directors, executives, major shareholders, controlling persons or anyone who is nominated as a director, manager or a controlling person of the Company or its subsidiaries.
4. They must never have or have had any business relationship with the Company, parent company, subsidiaries, associated company, major shareholders or a controlling authority of the Company in such a way as to impede the exercise of independent judgment. This includes neither being nor ever been a significant shareholder or a controlling person who has business relationships with the Company, parent company, subsidiaries, associated companies, major shareholders or a controlling authority of the Company unless those characteristics have ceased for no less than two years before the date of submission for permission to the office, or providing or receiving financial assistance by accepting or giving loans, being a guarantor, or giving assets as a liability guarantee and includes other similar circumstances that has resulted in the Company or any party owing a debt to another party from three percent of the Company's net tangible assets or valued at twenty million Baht or more, whichever is lower. Therefore, the calculation of such indebtedness shall be in accordance with the calculation method of connected transactions according to the notifications of the Capital Market Supervisory Board regarding connected transaction mutatis mutandis. However, in considering such indebtedness, it shall include the debt incurred during the year prior to the date of having a business relationship with the same person.
5. They must not be or have been the auditor of the Company, its parent company, subsidiaries, associated companies, major shareholders or a controlling person of the Company and not be a significant shareholder or a controlling authority or partner of an auditing company that hold the position of auditors in the Company, its parent company, subsidiaries, associate companies, major shareholders or the controlling person of the Company unless these characteristics have ceased for no less than two years before the date of submission for permission from the Office.

6. They must not be or never have been a professional service provider. This includes serving as a legal or financial advisor which receives service fees greater than two million Baht per year from the Company, its parent company, subsidiaries, associate companies, major shareholders or a controlling authority of the Company and be a significant shareholder, controlling authority or partner of that professional service provider unless these characteristics have ceased for no less than two years before the date of submission for permission from the Office.
7. They must not be a director appointed to represent the Company's directors, major shareholders or shareholders who are related to major shareholders.
8. They do not engage in the same business conditions and are not a significant competitor to the business of the Company or its subsidiaries. They are not a significant partner in partnership or a director who is involved in the management of employees, staff, or consultants who receive a regular salary or hold more than one percent of the total voting shares of other companies that conduct the same business and is a significant competitor to the business of the Company or its subsidiaries.
9. There is no other characteristic that makes it impossible to express independent opinions about the Company's operations.

4. The Nomination Committee and Consideration of Compensation

The nomination and remuneration committee consisted of the following 3 directors.

Name - Last Name	Position
1. Mr. Suvit Arunanondchai	Chairman of the Nomination and Remuneration Committee
2. Mr. Vichit Yanamorn	Nomination and Remuneration Committee Member
3. Mrs. Kobkanjana Veerapongpradit	Nomination and Remuneration Committee Member

The Meeting of the Board of the Numeration and Remuneration Committee

For 2016, the attendance of meetings for members of the board of the nomination and remuneration committee was as follows.

Name - Last Name	Number of Times Attended a Meeting/ Total Number of Meetings
1. Mr. Suvit Arunanondchai	4/4
2. Mr. Vichit Yanamorn	3/4
3. Mrs. Kobkanjana Veerapongpradit	4/4

The Scope of Authority and Responsibilities of the Nomination and Remuneration Committee

The Recruitment of Directors and Senior Executives

1. Establish regulations and recruitment procedures for the Company's directors, subcommittees or senior executive directors and determine the qualifications needed to hold the position.
2. Consider recruitment and selection of qualified people in order to be the Company's directors, subcommittees, executive directors or senior executives. Consider the recruitment of qualified people who have various skills, experiences, professions, expertise and specific capabilities that are beneficial to the business operations of the Company to be proposes to the board of directors or the shareholders' meeting as the case may be.
3. Consider a succession plan for the Company's senior executives to be proposed for the consideration of the board of directors.
4. Perform other duties assigned by the board of directors.

Consideration and Determination of Remuneration

1. Define regulations, guidelines and methods regarding remuneration payment that are necessary and appropriate for the appointed Company's directors, subcommittees, executive directors or senior executives to be proposed for the consideration of approval by the board of directors or the shareholders' meeting as the case may be.

Therefore, the method of payment may be in different manners or forms such as meeting allowances, salaries, bonuses, or any other monetary or non-monetary benefit.

2. Determine the remuneration for directors, subcommittees, executive directors or senior executives by considering the appropriate remuneration in accordance with the duties and responsibilities as well as the performance when compared to other companies and industries of the business or a business of similar size in order to be proposed to the board of directors for the approval.
3. Regularly review, study, and follow-up on changes and trends in the remuneration of the Company's directors, subcommittees, executive directors or senior executives in order to propose a suitable remuneration policy and be able to compete with other companies that conduct the same business or are in the same industry. It can also compete with other listed companies in the Stock Exchange market who conduct the same business.
4. Report the progress and performance to the board of directors as well as clarify and answer questions about defining and paying the remuneration of the company directors, subcommittees, executive director or senior executives on behalf of the board of directors to the shareholders' meeting at the Annual General Meeting of Shareholders or Extraordinary Shareholders' Meeting (if any).
5. Report policies, principles and rationale regarding the determination of remuneration for directors, subcommittees, executive directors or senior executives by disclosing information in the annual disclosure statement (Form 56-1).
6. Review, revise and propose amendments to the nomination and remuneration committee charter to the board of directors (if any) to ensure that the charter is appropriate and always up to date.
7. Perform other duties as assigned by the board of directors.

Recruitment of the Nomination and Remuneration Committee

The nomination and remuneration committee consists of at least three directors. Half of the total number of directors shall be independent directors. The board of directors or shareholders will appoint directors or executives to serve on the nomination and remuneration committee. Therefore, the scope of duties and responsibilities of the nomination and remuneration committee will be in accordance with the charter of the nomination and remuneration committee as approved by the board of directors.

The Term for Holding a Position on the Nomination and Remuneration Committee

The nomination and remuneration Committee has terms in which a person can hold a position for 3 years and retire by rotation of the position of directors. Other than retiring by rotation, the nomination and remuneration committee will be released from their position due to (1) death (2) resignation or termination of employment (3) disqualification or have prohibited characteristics in accordance with the law or charter and (4) the meeting of the board of directors made a resolution to terminate. In the case that the position of the nomination and remuneration committee is vacant because someone stepped down by rotation, the board of directors shall select a qualified person to be the replacement for the retired director. The replacement on the nomination and remuneration committee shall serve for the remainder of the term of the person they replaced.

The Meetings of the Nomination and Remuneration Committee

1. The board shall hold a meeting at least once a year at an appropriate time.
2. The chairman of board shall call for a meeting. If at least half the number of directors requested for a meeting, the chairman of the board shall set a meeting date within 30 days from the date the request was received.
3. In the calling for the meeting of the board, the chairman or the secretary of the board shall send a notice of the meeting to directors no less than 7 days prior to the meeting date unless it is an urgent case in order to protect the benefits of the company. Then the meeting will be notified by other means and the date will be set earlier than that.
4. At the board meetings, at least half of the total number of directors must be present at the meeting in order form a quorum. In the case that the Chairman is absent or unable to attend the meeting, the directors present at the meeting shall elect a director to be chairman of the meeting.
5. Every director shall attend every meeting except in the case that there is a necessary event that must be attended. If directors are not able to attend the meeting, the director will inform the chairman in advance.
6. Any committee member that has a stake concerning the matter being considered by the board, they shall abstain from attending and considering such matter.

The resolutions of the board shall be made by a majority vote. Each director has a right to vote and each share has one vote. In case of a tied vote, the Chairman of the meeting shall have the deciding vote.

7. The board can invite, call or order management, supervisors or any relevant employees to give opinions and attend the meeting in order for clarification or submit relevant or necessary documents.

5. The Executive Committee

The Executive Committee consisted of the following 3 executives.

Name - Last Name	Position
1. Mr. Pichit Viwatrujirapong	Chairman of the Executive Committee
2. Mr. Pichai Asavanapakas	Executive Committee Member
3. Mrs. Kobkanjana Veerapongpradit	Executive Committee Member

Scope of Authority, Duties and Responsibilities of the Executive Committee

1. Manage and operate the business of the Company in accordance with the business objectives of the Company. The operations and the management of the Company must align with the policies, guidelines and operational plans set forth by the board of directors.
2. Define vision, business strategies, policies, goals, and operational plans that are appropriate and consistent with the economic and competitive environment in order to be proposed to the board of directors for approval.
3. Monitor the implementation of policies and the Company's management guidelines which were approved by the board of directors effectively.
4. Consider the approval of operational expenses, transportation expenses, travel expenses, stationery expenses, office supply expenses, repair and maintenance expenses, and other expenses which are normal Company expenses and do not exceed 20 million Baht.
5. Consider negotiations and approval of entering into contracts and/or any action related to business operations that does not exceed 20 million Baht.
6. Consider the approval of investments in fixed assets and investments in securities in the market demand (approved by the board of directors in principle) and does not exceed 20 million Baht.
7. Consider approval of writing off bad debts from balance sheets according to the conditions set by the Company and do not exceed 5 million Baht per transaction.
8. Perform any other actions assigned by the board of directors.

Therefore, the board of directors must not delegate authority or responsibilities to the board of directors and/or any authorized person to approve transactions in which the board or any individual that may have a conflict of interest (as defined in the notifications of the Securities and Exchange Commission and the notifications of the Capital Market Advisory Board) or may have a stake or any kind of benefit in any way or have any other conflict of interest with the Company, other than the approved transactions of normal business activities and ordinary trading conditions.

The Term for Holding a Position on Executive Committee

Executive committee members hold the position for a 3 year term. Retired executive committee members may be re-elected. In the case that the position of executive director is vacant due to any reasons other than the expiration of a term, the board of directors shall appoint a qualified person to be executive director in order to complete the amount of executive directors as set by the board of directors. The person who replaced the executive director will be in the position only for the remainder of the term of the executive committee member he or she replaces.

6. Management

As of December 31, 2016, the Company's management consisted of the following 6 executives.

Name - Last Name	Position
1. Mr. Pichit Viwatrujirapong	Chief Executive Committee
2. Mrs. Kobkanjana Verapongpradit	Managing Director
3. Mrs. Sutarin Wongsongcha	Chief Financial Officer
4. Ms. Nunwaruth Wanitchachokechai	Sales and Marketing Director
5. Mr. Arthit Pasukyued	Acting Information Technology Director
6. Ms. Ornrueda Kuumlertluck	Account and Finance Manager

Director Biographies



Mrs. Kobkanjana Verapongpradit

Age: 48 years old

Position: Managing Director

Education

- Masters of Business Administration, National University, San Diego USA
- Bachelor's Degree – Faculty of Communication of Arts, Chulalongkorn University

Positions Held in the Company/Other Current Businesses

- Director, Creation Group Company Limited

Previous Experience over the Past 5 Years

April 2011– April 2014 Vice-managing director of Netbay Company Limited

August 2008–September 2011 Business Sales Director Microsoft (Thailand)
Company Limited

Proportion of Shares Held –0%–



Mrs. Sutarin Wongsongjaa

Age: 41 years old

Position: Accounting and Finance Director

Education

- Masters of Business Administration, Kasetsart University
- Bachelor's Degree – Commerce and Accounting, Chulalongkorn University

Training

- | | |
|------|---|
| 2016 | Chief Financial Officer Certification Program, Federation of Accounting Professions |
| 2015 | <ul style="list-style-type: none"> – Strategic CFO in Capital Markets Program, The Stock Exchange of Thailand – Successful Formulation & Execution of Strategy, Thai Institute of Directors |

Positions Held in the Company/Other Current Businesses

none

Previous Experience over the Past 5 Years

- | | |
|-----------|---|
| 2015–2016 | Senior Manager, EY Corporate Services Company Limited |
| 1996–2011 | Manager, EY Company Limited Office |

Proportion of Shares Held –0%–



Ms. Nunvarath Vanitchachokchai

Age: 45 years old

Position: Sales and Marketing Director

Education

- Master's Degree – Information Management and Systems, Monash University, Australia
- Bachelor's Degree – Political Science, Chulalongkorn University

Positions Held in the Company/Other Current Businesses

none

Previous Experience over the Past 5 Years

2009–2013 Senior Retail Store Solution Manager (Brand Manager), IndoChina/Storage & Technology Group, IBM Company Limited (Thailand)

Proportion of Shares Held –0%–



Ms. Ornruda Kumlertluck

Age: 28 years old

Position: Accounting and Finance Manager

Education

- Bachelor's Degree – Faculty of Commerce and Accounting, Chulalongkorn University

Training

- 2015
- IFRS Update (In-House Training), EY Company Limited Office
 - IFRS organized for Thailand, Federation of Accounting Professions
 - Issues with the application of Pack 5 in operations, Federation of Accounting Practices

Positions Held in the Company/Other Current Businesses

none

Previous Experience over the Past 5 Years

2011–2015 Senior Auditor Assistant, EY Company Limited Office

Proportion of Shares Held –0%–



Mr. Arthit Pasukyued

Age: 36 years old

Position: Acting Director of Information Technology

Education

- Master's Degree – Computer Engineering, Kasetsart University
- Bachelor's Degree – Computer Engineering, Mae Jo University

Positions Held in the Company/Other Current Businesses

none

Previous Experience over the Past 5 Years

2007–2013 Research and Development Division Manager,
Software Link Company Limited

Proportion of Shares Held –0%–

7. Remuneration for Directors and Management

7.1. The Remuneration of Directors

The Company clearly determined the directors' remuneration in accordance with the notifications of the Office of the Securities and Exchange Commission (SEC). The remuneration must be approved by the Annual General Meeting (AGM). At the Annual General Meeting of Shareholders for the year 2016, the Company approved the remuneration of the board of directors, the audit committee, and the nomination and remuneration committee and will use the remuneration rate from the approval of the 2016 Annual General Meeting of Shareholders until the Shareholders' Meeting resolves otherwise. The details are as follows.

(1) Meeting Allowance for Directors: In the case of meeting attendance

Position	The Board of Directors	Meeting Allowances (Baht)
Chairman	<ul style="list-style-type: none">-The board of directors-The audit committee board-The nomination and remuneration committee board-Other committee boards that may be appointed in 2016	22,500/time
Directors	<ul style="list-style-type: none">-The board of directors-The audit committee board-The nomination and remuneration committee board-Other committee boards that may be appointed in 2016	15,000/time

(2) Monthly Remuneration

Position	Salary (Baht)
Chairman of the Board	30,000
Director	20,000

The amount of meeting allowances and monthly remuneration will not exceed Baht 3,000,000 Baht.

(3) Directors' Bonuses

The Board of Directors shall receive a bonus not exceeding 5% of the dividend payment distributed to shareholders.

Monetary remuneration

Details of the remuneration that directors and subcommittees received in 2016 for the fiscal year ended on December 31, 2016 are as follows.

(Unit: Baht)

Name- Last Name	Meeting Allowances			Monthly Remuneration	Bonuses	Total
	Company Directors	Audit Committee	Nomination Committee			
1. Prof. Dr. Pairash Thajchayapong	135,000	–	–	240,000	467,235	842,235
2. Mr. Sahas Treetipbut	90,000	–	–	160,000	311,490	561,490
3. Mr. Wanchai Vejcheevadumrong	75,000	–	–	140,000	285,535	500,535
4. Mr. Pichit Viwatrujirapong	90,000	–	–	160,000	311,490	561,490
5. Mr. Pichai Asavanapakas	90,000	–	–	160,000	311,490	561,490
6. Mr. Akaradej Rojmeta	90,000	–	–	160,000	311,490	561,490
7. Mrs. Patama Wongtoythong ¹	90,000	112,500	–	160,000	311,490	673,990
8. Mr. Vichit Yanamorn ^{1/**}	90,000	75,000	45,000	160,000	311,490	681,490
9. Mr. Suvit Arunanondchai ^{1/**}	90,000	75,000	90,000	160,000	311,490	726,490
10. Mrs. Kobkanjana Veerapongpradit ^{**}	–	–	60,000	–	–	60,000

Remarks: ¹Audit Committee

^{**}Nomination and Remuneration Committee

Non-Monetary Remuneration

–None–

7.2. Management Remuneration

Remuneration for the Company's executives who were directors (excluding remuneration received as a director) and executives who were not directors in the form of salaries and bonuses can be summarized as follows.

	For the year ended December 31, 2016
Number (people)	6
Remuneration (million Baht)	36.19

8. Corporate Governance

8.1. Corporate Governance Policy

The Company focused on adopting corporate governance principles as a guideline for its business operations. Therefore, the Company set up the corporate governance policy that have principles and practice guidelines that are in line with the good corporate governance principles for companies listed on the Stock Exchange of Thailand (SET) in 2012.

The corporate governance policies of the Company are divided into the following 5 categories.

Section 1: The Rights of Shareholders

The Company places an importance on shareholders' rights. The Company encourages shareholders to exercise their rights. The fundamental rights of shareholders include the trading or transferring of shares, profit sharing, receiving sufficient information, attending meetings to exercise their right to vote at the shareholders' meeting in order to appoint or remove directors, appoint auditors and other matters that affect the Company such as dividend allocation, determining or amending the Articles of Association and Memorandum of Association, reducing or increasing capital, and the approval of special items, etc. The Company has a policy to carry out various matters in order to encourage and facilitate shareholders to exercise their rights as follows.

- The Company will send a meeting invitation letter and the supporting documents to all shareholders at least 7 days in advance or according to the requirement by the law and the notifications. The meeting invitation letter will specify the date, time, place, including the Company's Articles of Association relating to the meeting of shareholders and the agenda. Each agenda item has indications and reasons along with the opinions of the board of directors, and the proxy form as prescribed by the Ministry of Commerce. The Company offered the names of independent directors which could be authorized to attend the meeting as a proxy on behalf of the shareholder in the case that shareholders unable to attend the meeting in person. In addition to this, the Company will disseminate important information about the shareholders' meeting through the website of the Stock Exchange of Thailand and the Company's website prior to the meeting.
- Before conducting the meeting, the Company will inform the meeting about the criteria for voting and votes counting at the meeting. When information is given according to the meeting's agenda items. The chairman of the meeting will allocate appropriate time for the shareholders to express their opinions and ask the Company questions. The directors and the executives who are involved in the matter attend the meeting in order to answer inquiries and listen to comments and suggestions from shareholders. The Company will give opportunity for shareholders to send their questions in advance prior to the meeting.
- In the case that there are many agenda items such as appointing directors, the Company will make a resolution to each item.

- After the shareholders' meeting, the Company shall prepare the complete and accurate minutes of the meeting. The voting procedures, questions, answers and voting results for each agenda item, including voting agreement, vote for disagreement and abstain votes. Names of directors who attended the meeting and those who are absent will be recorded. Therefore, the Company will report the resolutions result on the Stock Exchange of Thailand website within the same day of the meeting or at the latest by 9.00 am on the next business day. The Company shall send the minutes of shareholders' meeting to the Stock Exchange of Thailand within 14 days and disseminated the minutes of shareholders' meeting on the Company's website.

Section 2: Equitable Treatment of Shareholders

The Company will treat all shareholders equitably. This includes shareholders that are executives, and non-executive shareholders including foreign shareholders. The Company has the following operational policies.

- The Company will prepare the meeting invitation letter in English, every part, and publish it together with the meeting invitation letter in Thai.
- The Company will conduct the shareholders' meeting according to the order of agenda items specified in the meeting invitation letter. The Company will not add any unnecessary agenda items that were not notified in advance. Especially important agenda items that shareholders require more time to study the information before making any decisions.
- The Company will provide opportunities for minor shareholders to nominate candidates for director positions by submitting information of the nominated person with the letter of consent to the chairman of the board of directors in compliance with the Company's requirements.
- The Company will encourage shareholders to use ballots on every agenda item. The ballots will be collected at the shareholders' meeting for vote counting. The Company will keep the ballot papers in order to be transparent and verifiable.
- The Company emphasizes the importance of accurate, complete and timely disclosure of information to all shareholders equally through the website of the Stock Exchange of Thailand and the Company's website.
- The Company has a preventative policy in the case that directors and executives using inside information for personal gain or give it to the wrongdoer.
- The Company has a policy for directors who have a stake in any agenda items to abstain from the meeting and the consideration for such agenda.

Section 3: Role of Stakeholders

The Company emphasizes the importance of the rights of all stakeholders. This includes customers, employees, business partners, shareholders, investors, creditors and the communities in which the Company located. It also includes other stakeholders, such as competitors and independent auditors, etc. The Company will treat these stakeholders fairly believing that good relationships with all stakeholders will enable the Company to grow sustainably.

Shareholders

1. The Company is responsible for encouraging its shareholders to exercise their rights. The fundamental rights of shareholders include trading or transferring shares, acquiring profit sharing, receiving sufficient information, attending the shareholders' meeting to exercise the right to vote in order to appoint or remove directors, appointing auditors, and other matters that affect the Company such as dividend allocation, determining or amending the Articles of Association and Memorandum of Association, reducing or increasing capital, and approving extraordinary agenda items etc.
2. The Company has a responsibility to encourage shareholders to exercise their rights in various matters at the general meeting of shareholders. This includes the right to nominate persons to be directors and the right to express opinions and ask questions related to the agenda items, etc.
3. The Company must abstain from any act of violation or deprivation of shareholders' rights. This includes not sending information or important documents prior to the meeting of shareholders and adding important agenda items or changing important information without informing shareholders in advance, etc.

Employee

1. The Company provides fair remuneration to its employees based on the performance of the employee. The Company will measure the performance of its employees fairly in accordance with the Company's guidelines.
2. The Company has policies to develop its personnel by organizing training program to employees and executives. The Company also sends its employees and executives to be trained with outside agencies on work related issues.
3. The Company is responsible for maintaining a hygienic working environment, help to work effectively and secure the lives and property of employees.
4. The Company is responsible for maintaining employee's privacy. The Company will not disclose employee personal information such as salaries or medical history to outsiders unless the Company is obligated to disclose such information in accordance with any applicable laws and regulations.

Customers

1. The Company is responsible for building good relationships and long-term cooperation with customers based on the principles of honesty.
2. The Company focuses on creating satisfaction and the utmost confidence to customers. The Company will provide services and quality products that are safe for consumers in accordance with the requirements given to customers and adhere strictly to the terms and conditions given to customers.

Business Partners and Account Payable

1. The Company considers the equality, fairness and faithfulness in conducting business by strictly comply with the laws and the regulations that have been established together.
2. The Company will adhere business code of conduct by not calling, nor receiving, or paying any dishonest benefits in operating business with its business partners.

Business Competitors

1. The Company has a policy to support and promote free and fair trade.
2. The Company will treat its competitors according to the laws and adhere to good business practices. The Company will not destroy the reputation of its competitors by allegation, false accusation without truths or any other acts that are unfair to the competition.

Government Agencies

1. The Company must comply with the regulations and any laws related to the Company's operations.
2. The Company focuses on the importance transparency and honesty in dealing with transactions with officials and government agencies. The Company has a policy to combat the various forms of government official bribery in a manner that accommodate or give any benefits to the Company.

The Environment, Society and the Community

1. The Company has a policy to conduct its business with responsibility for the environment and to conserve natural resources. This includes promoting energy efficiency.
2. The Company has a policy to conduct business with regard for the quality of life of society and community. The Company will strictly comply with any regulations and laws.

In addition to this, stakeholders can inquire about company information or complaints regarding different matters through the Company's audit committee. Complaints can be made by mail and sent to the office of the company secretary at the Company's address or complaints can be sent by email to corporatesecretary@netbay.co.th. Information regarding complaints will be kept confidential. The audit committee will examine the information and propose solutions report them to the board of directors.

Section 4: Disclosure and Transparency

The Company attaches importance to the disclosure of accurate, complete, timely and transparent information so that shareholders and stakeholders have equal and reliable information. The Company regularly updates its information on the Company's website.

The Company has a policy to disclose important information to the public, such as its vision and mission, the nature of business, a list of directors and management, financial statements, financial position reports, risk factors and policies regarding risk management. It also includes the management of various risk, direct and indirect shareholdings of directors, major shareholders and top management, auditor fees and other auditor fees, and the remuneration of the board and management, etc.

In addition to this, the Company is in the process of establishing an Investor Relations Unit to provide Company information to its shareholders, investors, securities analysts and the general public.

Section 5: Responsibilities of the Board

As at December 31, 2016, the management structure of the Company consisted of three committees and subcommittees. These committees included the audit committee, the nomination and remuneration committee, and the executive board which oversees the Company for the long-term benefits of the Company and its overall shareholders.

Board structure

The board of directors consists of directors who have knowledge, ability and experience. The board considers important issues related to the management of the Company. All directors are free to express their opinions at the meeting and freedom to vote on various agenda items and to supervise the operations of the Company properly, effectively and transparently.

As of December 31, 2016, the board of directors consists of 8 directors and 3 independent directors. At least one-third of the directors must be independent directors and have no less than three independent directors. The independent directors should not have any prohibited characteristics that do not follow the announcement of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

Roles, Duties and Responsibilities of the Board

The board of directors is responsible for considering and approving important matters such as the vision and mission, strategies, financial targets, risks, plans and budgets, and supervising and effectively and efficiently managing the operation of the policies and plans by the board of directors. The board of directors uses judgment and prudence in making decisions and acts responsibly and honestly for the long-term benefit of the Company.

Remuneration of the Directors and Executives

The Company has clearly determined the directors' remuneration in accordance with the Notification of the Office of the Securities and Exchange Commission (SEC). The remuneration must be approved by the Annual General Meeting (AGM) every year. In the case that the directors are assigned more duties and responsibilities such as being a member of the Audit Committee, etc., they will receive more compensation for these duties and responsibilities as assigned by the Company. Remuneration of management is linked to the Company's performance and the performance of each individual executive on an annual basis.

Board of Directors' Meetings

The Company's board of directors' meeting emphasized the importance of monitoring and certifying quarterly performance and reports from the audit committee for the consideration of the executive board regarding the greatest benefit to the Company, as well as reporting the Company's operational risk.

Each board of directors' meeting will have a secretary to the board of directors organize the meeting's agenda items. The secretary will deliver the meeting's documents to the board of directors at least 7 days prior to the meeting. This includes the meeting records by recording suggestions and comments from each subcommittee, the board of directors, the audit committee and the executive Committee. In regards to the overall picture, the Company has recorded the minutes of the meeting and sent the report to the board of directors on an individual basis as deemed appropriate. The minutes of the board of directors' meetings have been kept in a systematic manner and are available for the board of directors, the Company and any relevant people to check out.

8.2. Supervision of the Operations of Subsidiary and Associates

The Company will send qualified, knowledgeable, and experienced persons who are suitable for the business of the subsidiary to be a director or executive in proportion to its shareholding in the subsidiary to ensure that the operations are in the right direction. In addition to this, representatives of the Company are responsible for closely monitoring the business of the subsidiary, the financial status report, and the performance of the subsidiary or associated company to the board of directors.

9. The Use of Internal Information and Conflicts of Interest

The Company has a policy to prevent directors and executives from using inside information for their own benefit or the benefit of others in the wrong way.

- 1) The Company requires the protection of the Company's information. By requiring information agencies not to disclose information to unrelated entities or individuals.

- 2) Company executives who have been informed of the material information and financial information of the Company who can change the securities price. The information must not be exploited prior to public disclosure. By prohibiting executives from trading securities of the Company for a period of one month before the financial statements or material information is disclosed to the public.
- 3) When the Company's securities are listed on the Stock Exchange of Thailand, the Company requires directors and executives to report their holdings in the Company pursuant to Section 59 in order to comply with the Notification of the Office of the Securities and Exchange Commission regarding the preparation and disclosure of securities holders. The number of securities that the management must report must include the holding of management, spouses and minor children, whether directly or indirectly. Married and underage children are the owners of such securities, such as being held by other persons in the form of a nominee or holding through a private fund
- 4) The Company has imposed disciplinary measures for the benefit of the Company's internal information disclosure which may cause damage to the Company by considering punishment as appropriate for each case, whether verbal admonition, proclamation is a letter of probation or even termination of employment due to dismissal, release or leave. The punishment will be determined by the intent of the action and the seriousness of the offense.

10. Internal Controls and Risk Management

The Board's Opinion Regarding Internal Controls

The Company attaches great importance to having good internal control systems that are in line with the principles of good corporate governance. This includes being transparent, fair, reliable, and having a transparent system of checks and balances that can be verified. This will lead to maximum benefit for shareholders, employees, partners, the community and all parties involved.

At the Board of Directors Meeting No. 3/2016 held on May 12, 2016, the audit committee attended the meeting to review the adequacy of the Company's internal control systems in all five aspects. These are organization and environment, risk management, control of management performance, information and communication systems and tracking systems. The board of directors is of the opinion that the Company has adequate internal controls and they are in line with the adequacy model of the internal control system of the Securities and Exchange Commission.

11. Dividend Policy

Dividend Policy of the Company and its Subsidiaries

The Company and its subsidiaries have a policy to pay dividends at the rate of no less than 40% of the net profit after corporate income tax. However, the rate of dividend payment may vary depending on liquidity, investment plans and business plans, as well as the terms and conditions of contracts. The resolution of the board of directors to approve the dividend payment must be proposed for approval at the shareholders' meeting, except for interim dividend payments. The board of directors is authorized to approve the interim dividend payment and it will be reported to the shareholders' meeting at the next meeting.

Related Party Transactions

Related Party transactions between Netbay Public Company Limited ("The Company") and its subsidiary, manufacturers or any person that may have had a conflict of interest for the year ended on December 31, 2015 and 2016 are summarized below.

The Necessity and Appropriateness of Related Party Transactions

Important related party transactions between the Company and other companies or people that many have had a conflict of interest are rental costs, Cloud Computing system services, office rental costs and service fees. The audit committee reviewed these related party transactions, which will be disclosed later, and are of the opinion that the price and conditions for these related party transactions are fair, reasonable and these transactions were for the Company's utmost benefit.

Measures or Steps to Approve Related Party Transaction

The Company's measures or steps to approve related party transactions are stipulated so that related party transactions regarding any person or juristic person that may have a conflict of interest are transparent and benefit the Company. The Company will operate in accordance with the laws of the Securities and the Stock Exchange in Thailand and operate in accordance with the rules, notices, and regulations of the Office of Securities and Exchange Commission. Therefore, directors, executive directors or stakeholders shall have no part in the approval of transaction items. In the case that the law requires an authorization from the meeting of the board of directors, the Company will require that the audit committee attend the meeting in order to consider and give any necessary opinions for appropriate transactions. The principles for business transactions with ordinary business conditions and business transactions with extraordinary business conditions are as follows:

Business Transactions with Ordinary Business Conditions

Ordinary business transactions will first be considered by the board of the audit committee before proposing them to the board of directors for principle approval. The management team can authorize these transactions if the business conditions are of the same manner that any reasonable person would do if their contract parties were facing the same situation without any influence on negotiation from any director, executive committee member, or relevant person.

Therefore, the Company shall prepare a quarterly report on transactions for proposal at the audit committee meeting and the board of directors meeting.

Business Transactions with Unordinary Business Conditions

Generally, Business transactions with unordinary business conditions must be reviewed and considered by the audit committee to be assessed prior to submission for approval from the meeting of the board of directors and/or the shareholder's meeting. This is in accordance with the laws of Securities and the Stock Exchange of Thailand and the laws, regulations, acts and notices of the Securities and Exchange Commission regarding connected transactions.

In the case that the audit committee is not experienced with the assessment of related party transactions, the Company will appoint an independent expert such as financial advisor, independent expert or property evaluator. They are independent and can give an opinion concerning related party transactions. The opinion of the audit committee and the expert will be used for the board of directors' and/or the shareholders' consideration in order to ensure that the related party transactions will not be used to allocate or transfer benefits between the Company or the Company's shareholders but for the greatest benefit of all its shareholders.

Therefore, the Company will disclose any related party transactions in the annual registration statement and in notes of the financial statements which was assessed or reviewed by the Company's auditor.

Future Trends in Regards to Policies and Related Party Transactions

The Company projected that the Company would continue to have related party transaction with people that may have a conflict of interest in areas like rental costs, Cloud Computing System service costs, office rental costs, and services fees. These transactions are still necessary for the Company's operations.

Related Party Transactions

Company/ Person who may have a Conflict of Interest	Relationship	Related Party Transactions	Valued Items (million Baht)		Necessity and Appropriateness of the Transactions Items and Audit Committee's Opinion
			Year Ended December 31, 2015	Year Ended December 31, 2016	
1. Internet Thailand Public Company Limited ("Internet Thailand")	1. The Company's 2 affiliated directors are Prof. Dr. Pairash Thajchayapong and Mr. Sahas Treetipbut 2. As of December 31, 2016, Internet Thailand, a major shareholder of the Company holds 15.5% of the Company's shares of the Company's total paid up capital.	The Company paid rent and Cloud Computing service costs	11.23	7.11	The Company uses Cloud Computing services from Internet Thailand. The rental costs and conditions are at the same price as the market. The board of audit committee reviewed these transactions and is of the opinion that the transactions are ordinary business transactions and appropriate.
		<u>Trade accounts payable</u>	2.10	1.38	
2. Creation Group Company Limited ("Creation Group")	The Company's 3 affiliated directors are Mr. Pichit Vivatrujirapong, Mr. Pichai Asavanapakas and Mrs. Kobkanjana Verapongpradhit	The Company pays Creation Group for office space rental.	4.71	5.05	The Company is renting office space from Creation Group. The rental costs and conditions are the same as other office space rentals in the same area. The board of audit committee reviewed these transactions and is of the opinion that this transaction is a ordinary business transaction and appropriate.
		<u>Trade account payables</u>	0.44	0.45	

Management Discussion and Analysis

Discussion of Corporate Performance

Outlook of Previous Performance

The Corporation's service revenue is categorized into 3 service areas, e-Logistics Trading, e-Business Services, and Projects and others. In 2016, the Company's main revenue was from e-Logistics Trading services, which was equivalent to 60.53% of the total service revenue. From 2014 to 2016, the Company's service revenues have been increasing continually. For the years 2014, 2015 and 2016, the Company's service revenues were 184.74 million Baht, 223.81 million Baht and 272.94 million Baht respectively, which is an increase of 23.73%, 21.15% and 21.95% respectively. From 2014 to 2016, the Company's profit before the deduction of financial costs, income taxes, depreciation and amortization were 38.00 million Baht, 69.88 million Baht and 98.19 million Baht respectively. The Company's net profit was 16.44 million Baht, 65.05 million Baht and 89.32 million Baht respectively, which was an increase of 26.07%, 295.68% and 37.31% for 2014, 2015 and 2016 respectively. The growth rate is at a good level. From the previous performance, the Company continues to have a net profit and as a result the Company's financial status is good and able to contribute regular dividend payments to its shareholders. In addition, the Company's capital structure is strong. As of December 31, 2016, the Company's debt to equity ratio equaled 0.37 which is at a low level. This indicates the strength of the Company's financial position. In 2016, the Company did not have any interest bearing debt because the Company paid off the network operating system finance leases which were used for business operations in 2015 and 2016. The Company is not bound by any contracts or transactions that create any financial burdens.

Service revenue for the year 2016 increased from the previous year in the amount of 49.13 million Baht or equivalent to 21.95%. This growth was a result of the Company's determination to regularly and consistently monitor and improve service standards in order to be more effective in rendering services to customers, maintain existing customers effectively and expand more services to new customers. Moreover, the Company continuously developed new service innovations to go along with customers' businesses and better meet the need of customers for business in the digital age. Projects operations also contributed to the growth of the Company's revenue from the previous year and enabled the Company to maintain the same growth rate as the previous year.

The Company's net profit in 2016 increased from the previous year by the amount of 24.27 million Baht, which was equivalent to 37.31% due to an increase in the Company's service revenue. The Company also implemented management plans for efficient cost of services and administrative expenses.

Revenue Structure and its Performance

The Corporation's service revenues are as follows:

	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
1. e-Logistics Trading Services	165.21	60.53	150.52	67.25	14.69	9.76
2. e-Business Services	86.30	31.62	65.71	29.36	20.59	31.33
3. Projects and Others	21.43	7.85	7.58	3.39	13.85	182.72
Service Revenues	272.94	100.00	223.81	100.00	49.13	21.95

In 2016, the Company's service revenue was 272.94 Million Baht, which was an increase of 49.13 Million Baht or equivalent to 21.95%. Considering each service category, the Company's revenue increased due to e-Logistics Trading services which increased by 14.69 Million Baht, which was equivalent to 9.76%. Revenue from e-Business Services increased as a result of an increasing number of customers. Since the Company places an importance on developing new service innovations that accompany the businesses of customers, the Company received more service revenue from e-Business Services in 2015. This revenue was derived from a service business of issuing a certificate of origin for the Thai Chamber of Commerce. This was a new revenue recognition for the second quarter of 2015 and become a full revenue recognition in 2016. This caused the overall revenue from e-Business services to increase by 20.59 Million Baht which was equivalent to 31.33%. Revenue from projects and other areas was 21.43 Million Baht which was an increase of 13.85 Million Baht from the previous year. This equaled a growth of 182.72%. This consisted of revenue from rendering computer software development services to customers or unit segments in the form of special projects.

Expense Structure

	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Cost of Services	58.62	32.20	50.22	31.97	8.40	16.73
Service Expenses	38.48	21.14	32.43	20.65	6.05	18.66
Administrative Expenses	84.94	46.66	74.17	47.22	10.77	14.52
Finance Costs	–	–	0.25	0.16	(0.25)	(100.00)
Total Expenses	182.04	100.00	157.07	100.00	24.97	15.90

Cost of Services

In 2016 and 2015, the Company's cost of services was 58.62 Million Baht and 50.22 Million Baht, respectively. This was an increase of 8.40 Million Baht which was equivalent to 16.73%. The cost of services increased due to an increase in the cost of license fees (cost of copyrighted software that the Company used for CDD Gateway services). This was in accordance with increased revenues from providing such services. Employee expenses also increased due to pay raises which was a normal business activity and from a greater number of programmers due to business expansion.

Service Expenses

For the year 2016 and 2015, the Company's service expenses were 38.48 Million Baht and 32.43 Million Baht respectively, which was an increase of 6.05 Million Baht which was equivalent to 18.66%. However, service expenses did not increase significantly compared to the increased numbers in service revenues. This was due to effective expense management.

Administrative Expenses

In 2016 and 2015, the Company's administrative expenses were 84.94 Million Baht and 74.17 Million Baht, respectively. This was an increase of 10.77 Million Baht from 2015 and was an increase of 14.52%. An increase in administrative expenses from 2015 was the result of a greater number of employees in management and operational levels which supported the growth of the Company. On top of that, in 2016, the Company had expenses due to listing the Company in MAI, Market for Alternative Investments. These expenses were fees, public relations, advertisements, and other relevant expenses. However, the Company managed the expenses effectively and as a result the Company's administrative expenses did not increase due to increased revenues.

Financial expenses

In November 2015, the Company paid off its financial leases for renting networking systems in full. In 2016, the Company was not bound by any contracts or transactions that created financial burdens. Therefore, the Company has no financial expenses stated in the income statement.

(A) Financial Status

Assets

	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Current Assets	357.25	76.20	212.90	84.79	144.35	67.80
Non-Current Assets	111.56	23.80	38.18	15.21	73.38	192.19
Total Assets	468.81	100.00	251.08	100.00	217.73	86.72

Asset Quality

During 2016, 76.20% of the Company's primary assets were current asset and another 23.80% were non-current assets. The Company's current assets were comprised of cash, cash equivalents, trade and other account receivable, and current investments. The Company's primary non-current asset were restricted bank deposits, long-term investments, networking hardware, and network equipment for proving services to customers which were accounted as devices and software. These were recognized as intangible assets.

The Company's current assets as of December 31, 2016 and December 31, 2015 were worth 357.25 Million Baht and 212.90 Million Baht, respectively. This increased by 144.35 Million Baht which was equal to 67.80%. Assets that had significant changes were cash, cash equivalents and current investments. These increased by 129.60 Million Baht. The Company's account receivables as of December 31, 2016 and December 31, 2015 were 36.39 million Baht and 30.46 million Baht respectively. An increased in account receivables was in accordance with the Company's increased revenue.

An average debt collection period for the Company's account receivables in 2016 and 2015 were 44 days and 48 days, respectively. The average debt collection period was at a normal level because the Company granted a credit limit of 30-60 days for its customers. However, the Company never had any problems regarding overdue payments from customers.

As of December 31, 2016 and 2015, the Company's non-current assets were worth 111.56 Million Baht and 38.18 Million Baht respectively. This was an increase from the previous year of 73.38 Million Baht which was equal to 192.19%. This was due to long-term investments that were worth 73.00 Million Baht. During 2016, the Company made an investment in communications systems and additional computer devices for 2.80 Million Baht in order to support an increasing demand for service usage. The Company has a policy to use the "straight -line" depreciation method for 5 years. The Company also made additional investments in intangible asset in the amount of 2.06 Million Baht.

(B) Sources of Financial Capital

Appropriateness of the Financial Capital Structure

As of December 31, 2016 and 2015 The Company's Debt to equity ratio equaled 0.37 and 0.59 respectively. This indicated that the Company's financial status was strong. In 2015, the Company had only one transaction of interest bearing debt. This was a financial lease for renting a networking system for business operations. The Subsidiary already paid it off in full amount in 2015. In 2016, the Company had no interest bearing debt.

	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Current Liabilities	107.40	85.67	81.37	86.88	26.03	31.99
Non-current Liabilities	17.96	14.33	12.29	13.12	5.67	46.14
Total Liabilities	125.36	100.00	93.66	100.00	31.70	33.85

Liabilities

As of December 31, 2016 and 2015, the Company's total liabilities were 125.36 Million Baht and 93.66 Million Baht respectively. This was an increase of 31.70 Million Baht which was equivalent to 33.85%. The Company's primary liabilities were comprised of trade account payables, creditors, accrued expenses and advanced payments.

As of December 31, 2016 and 2015, the Company's current liabilities were 107.40 Million Baht and 81.37 Million Baht respectively. This was an increase of 26.03 Million Baht which equaled 31.99%. Current liabilities consisted mainly of account payables and accrued expenses in the amount of 50.70 Million Baht. The advanced payments total was 37.88 Million Baht. This was mainly from CDD Gateway service revenues. Therefore, the Company accounted the advanced payments as a current liability and revenue recognition over time which was in accordance with accounting standards regarding revenue recognition.

As of December 31, 2016 and 2015, the Company's non-current liabilities were 17.96 Million Baht and 12.29 Million Baht respectively. This increased by 5.67 Million Baht which was equivalent to 46.14%. Non-current liabilities included provision for long-term employee benefits and financial lease liabilities. However, the Subsidiary already fully paid off the financial leases according to the contract in 2015.

	Consolidated Financial Statement					
	2016		2015		Increase (Decrease)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Issued and Paid-Up Share Capital	200.00	58.23	160.00	101.64	40.00	25.00
Share Premium	115.34	33.58	–	–	115.34	–
Statutory Reserve	13.35	3.89	10.19	6.47	3.16	31.01
Retained Earnings	91.46	26.63	64.05	40.69	27.41	42.79
Other Components of Shareholder's equity	(76.71)	(22.34)	(76.82)	(48.80)	0.11	(0.14)
Total Shareholders' Equity	343.44	100.00	157.42	100.00	186.02	118.17

Shareholders' Equity

Shareholders' equity as of December 31, 2016 and 2015 were 343.44 Million Baht and 157.42 Million Baht, respectively. This was an increase of 186.02 Million Baht which was equivalent to 118.17% due to the issuance of an additional 40 million shares. This reflected an increased value of Retained earnings according to the business performance. In 2016, the Company allocated 5% of its annual net profits for statutory reserve.

The total value of the return on equity for the years 2016 and 2015 was 35.67 % and 49.29% respectively. The return of equity in 2016 decreased compared to the previous year due the issuance of an additional 40 million shares. As a result, the increase in equity was more than the percentage of increased net profits.

Liquidity Analysis

Statement of Cash Flow

Unit: Million Baht

	Consolidated Financial Statements	
	2016	2015
Net Cash Flows from Operating Activities	104.66	71.22
Net Cash Flows used in Investing Activities	(196.89)	(154.15)
Net Cash Flows from (used in) Financing Activities	98.38	(22.79)
Net Increase (Decrease) in cash and cash equivalents	6.15	(105.72)
Cash and Cash Equivalents at the Beginning of the years	43.68	149.40
Cash and Cash Equivalents at the End of the years	49.83	43.68

Cash Flow from Operating Activities

For the year 2016, the Company's cash flow from operating activities increased by 33.44 Million Baht from 2015 due to the increase in overall production. The cash flow to profit ratio for the years 2016 and 2015 were 110.11% and 104.12%. This indicated the strength of the Company in the performance of cash flow management and the Company's stability on net profit.

Cash Flow from Investing Activities

In 2016, the Company spent 196.89 Million Baht on investment activities. This consisted of an increase in current investments for the amount of 122.40 Million Baht, an increase in other long term investments for the amount of 73.00 Million Baht, cash received from sales of other long-term investments for 3.04 Million Baht, increased in restricted bank deposits for the amount of 1.37 Million Baht, equipment spending with cash for 2.80 Million Baht and cash paid for acquisition of intangible assets for 2.06 Million Baht.

In 2015, the Company spent 154.15 Million Baht on investment activities. This included an increase of current investments in the amount of 127.42 Million Baht, an increase in other long term investments for the amount of 20.60 Million Baht, an increase in restricted bank deposits at 0.48 Million Baht, cash paid for acquisitions of equipment in the amount of 5.51 Million Baht, and cash paid for acquisition of intangible assets for 0.21 Million Baht.

Cash Flow from Financing Activities

In 2016, the Company had a cash flow from financing activities worth 98.38 Million Baht. This was due to the cash received from capital increases in the amount of 155.34 Million Baht and dividend payments in the amount of 56.96 Million Baht.

In 2015, the Company spent 22.79 Million Baht for financing activities. These were dividend payments in the amount of 14.40 Million Baht and paid off liabilities under finance lease agreement for the amount of 8.39 Million Baht.

Important Financial Ratios Analysis

Liquidity Ratio

As of December 31, 2016 and 2015, the Company's liquidity ratio equaled 3.33 and 2.62, respectively. Since the liquidity ratio of the Company was higher than 1.00, it revealed that the Company had a high level of liquidity.

Profit Ability Margin Ratio

In 2016 and 2015, the Company's gross profit margin was 78.52% and 77.56% respectively. In 2016, the gross profit margin was close to the same level as the previous year. This ratio revealed that the Company has the ability to maintain its profitability at a level that is higher than 70%.

Efficiency Ratio

In 2016 and 2015, the Company's return on assets ratio was 24.81% and 28.97% respectively. This was a decrease of 14.34%. Even though net profit increased, the Company's total assets also increased due to money received from issuing an additional 40 million shares. This caused the Company's return on assets to decrease.

Financial Ratio

In 2016 and 2015, the Company's debt to equity ratio equaled 0.37 and 0.59 respectively. This was at a low level. The result of this ratio revealed that the Company's financial status is strong. Presently, the Company has no interest bearing debts because the subsidiary completely paid off liabilities under finance lease agreement regarding the financial leases of a networking system in 2015.

The Audit Committee Report

The audit committee of Netbay Company Limited consists of 3 independent directors that are qualified and experienced in accounting, finance, law, science and organizational administration. They performed the duties as assigned by the board of directors and according to the regulations of Netbay Company Limited regarding the principles and guidelines of the audit committee which are in accordance with the requirements of the Stock Exchange of Thailand. The policies emphasize the principles of good corporate governance and have a good internal control system.

In 2016, the audit committee held 5 meetings that consulted with the audit committee, the internal auditors and auditors of relevant subject matters. The following is a summary of their duties.

1. Review of the Financial Statements

The audit committee reviewed the quarterly financial statements and the financial statements for the year 2016 for Netbay Company Limited. This included transactions that may have potential conflicts of interest with the executives. Auditors were invited to attend quarterly and annual meeting to consider financial statements. The audit committee discussed the accuracy and completeness of the financial statements with the auditor, significant adjustments to accounting transactions that affect the financial statements, the suitability and appropriateness of accounting records and audit scope, the complete and sufficient disclosure of information and the independence of the auditor to ensure that the preparation of the financial statements complies with the requirements of law and accounting standards in accordance with generally accepted accounting principles that are reliable and timely. The disclosures in the financial statements were adequate in order to benefit the investors or users of the financial statements.

2. Review of Risk Management

The audit committee reviewed the risk management results of the Company to ensure that management had conducted appropriate risk management activities at appropriate operational levels. The identified risk factors were complete and sufficient and recommendations were given to make improvements. In 2016, there were no issues or problems that needed to be improved on these matters.

3. Review of the Effectiveness of the Internal Control Systems

In 2016, apart from the review of the internal control systems regarding operations, the Company recognized the importance of good corporate governance. The Company then set up an internal control system for information technology (IT), which was audited on September 15, 19 and 27 of 2016 by auditors that were competent and independent to the extent prescribed.

The Company's IT internal control audit found that the overall internal control of information technology (IT) that the company has operated on was consistent with the standards for maintaining the security of information systems and met the relevant requirements for the BOT's non-bank financial institutions. This included requirements related to the internal control of information technology (IT) for the public companies listed on the Stock Exchange of Thailand.

However, the Company's internal control of information technology (IT) was at a standard level which could be developed to correspond to and in time of changes to Financial Technology. This included the training of staff involved in the Incident Management process in order for relevant staff to have knowledge and understand Incident Management processes/procedures and be able to implement procedures effectively and procure network protection (IPS, DDoS Protection) and/or website protection (Web Application Firewall) to be applied to more applications, etc.

4. Review of Good Corporate Governance

The audit committee reviewed the performance of the assigned work systems. The Company conducted business with morality, complied with the Securities and Exchange Act Terms of the Stock Exchange of Thailand as well as other laws that are related to the business operations of the Company, especially in relation to connected transactions which ensured that the Company has reasonable business conditions. In addition to this, the audit committee evaluated the performance of the audit committee as a whole. The self-assessment was in accordance with good practices of the Stock Exchange of Thailand to ensure the confidence of all related parties.

5. The Appointment of Auditors for the Year 2016

The audit committee approved the appointment of EY office Limited as Netbay Public Company Limited's auditor for the year 2016. This was proposed to the board of directors for consideration and approval at the Annual General Meeting of Shareholders for the year 2016. Consideration was made regarding appointments, the approval of auditors and the audit fees.

6. Compliance with Applicable Requirements, Regulations and Laws

The audit committee, in cooperation with the Internal Audit Department, reviewed the business operations so that the Company regularly complied with the Securities and Exchange Act and terms of the Stock Exchange of Thailand and any relevant laws. The audit committee is of the opinion that the Company has legitimate business operations and complies with the terms and conditions set forth.

Based on the self-assessment of the audit committee for the year 2016, the audit committee performed the duties and responsibilities set forth in the Audit Committee Charter approved by the board of directors. The overall performance regarding the financial report review, the risk management review, the review of the effectiveness of the internal control systems, the review of good corporate governance, consideration regarding the appointment of auditors and compliance with relevant regulations, requirements and laws by using knowledge, caution and sufficient independent for the equal benefit of the stakeholders.

The audit committee is of the opinion that the Company's financial information was accurate, reliable and in line with generally accepted accounting standards. The Company has adequate risk management, has proper internal control systems, has consistent operations in accordance with good corporate governance, and abides by the law and strict business requirements.

Yours Sincerely,

A handwritten signature in black ink, appearing to be in Thai script, followed by a period.

(Mrs. Patama Wongtoythong)

Chairman of the Audit Committee

Financial Statement and Notes to Financial Statements

Netbay Public Company Limited and its subsidiary
Report and consolidated financial statements
31 December 2016



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Independent Auditor's Report

To the Shareholders of Netbay Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Netbay Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Netbay Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Netbay Public Company Limited and its subsidiary and of Netbay Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond are described below.

Service revenue recognition

I identified service revenue recognition to be an area of significant risk, as service revenue that the Group recognise in each period forms a significant portion of the Group's total revenue. For the year ended 31 December 2016, service revenue represented 99% of the Group's total revenue. I have therefore focused on the audit of the occurrence and timing of revenue recognition.

I have examined on the Group's revenue recognition as follows:

- Assessing and tested of the Group's IT system and its significant internal controls with respect to the revenue cycle by making inquiries of responsible persons, gaining an understanding of the controls and selecting representation samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for actual service transactions occurring during the year and near the end of the accounting period.
- Reviewing of credit notes that the Group issued after the period-end.
- Performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, 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 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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Miss Rosaporn Decharkom.

Rosaporn D

Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 23 February 2017

Netbay Public Company Limited and its subsidiary

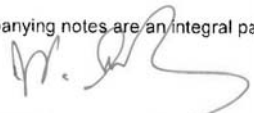
Statement of financial position


As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6	49,830,934	43,688,384	37,726,508	31,484,210
Current investments	7	251,382,148	127,924,083	188,240,235	80,094,585
Trade and other receivables	8, 9	38,341,466	32,663,673	32,824,055	26,727,409
Inventories		149,058	258,092	149,058	258,092
Unbilled receivables	8	8,672,897	1,355,140	7,476,636	1,168,224
Prepaid expenses		6,297,973	4,432,691	830,101	764,464
Prepaid corporate income tax		235,197	1,850,123	235,197	11,990
Other current assets		2,344,849	731,382	1,893,606	516,816
Total current assets		357,254,522	212,903,568	269,375,396	141,025,790
Non-current assets					
Restricted bank deposits	10	7,533,019	6,165,411	4,033,019	4,052,302
Investment in subsidiary	11	-	-	49,999,800	49,999,800
Other long-term investments	12	90,328,058	20,327,660	60,178,944	10,163,830
Equipment	13	6,584,676	5,784,728	1,334,255	1,213,985
Intangible assets	14	2,292,791	1,371,692	851,456	1,111,815
Deferred tax assets	21	3,447,200	2,357,801	2,855,839	1,946,959
Other non-current assets		1,369,062	2,170,526	930,972	930,972
Total non-current assets		111,554,806	38,177,818	120,184,285	69,419,663
Total assets		468,809,328	251,081,386	389,559,681	210,445,453

The accompanying notes are an integral part of the financial statements.


Mr. Pichit Viwatrujirapong
(Director)

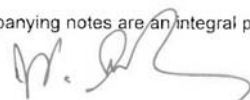

Mr. Pichai Asavanapakas
(Director)

Netbay Public Company Limited and its subsidiary
Statement of financial position (continued)
As at 31 December 2016

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	8, 15	11,441,433	8,375,190	4,826,673
Accrued expenses		39,262,894	32,520,840	35,711,143
Unearned income		37,879,013	29,946,858	119,421
Other current liabilities	16	18,813,293	10,525,269	15,156,841
Total current liabilities		107,396,633	81,368,157	55,814,078
Non-current liabilities				
Provision for long-term employee benefits	17	17,407,307	11,821,616	14,368,369
Other non-current liabilities		560,744	471,450	-
Total non-current liabilities		17,968,051	12,293,066	14,368,369
Total liabilities		125,364,684	93,661,223	70,182,447
Shareholders' equity				
Share capital	18			
Registered				
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000	200,000,000
Issued and paid up				
200,000,000 ordinary shares of Baht 1 each				
(2015: 160,000,000 ordinary shares				
of Baht 1 each)		200,000,000	160,000,000	200,000,000
Share premium	18	115,341,500	-	115,341,500
Retained earnings				
Appropriated - statutory reserve	19	13,354,173	10,193,544	13,354,173
Unappropriated		91,463,441	64,052,045	44,610,221
Other components of shareholders' equity		(76,714,470)	(76,825,426)	(53,928,660)
Total shareholders' equity		343,444,644	157,420,163	319,377,234
Total liabilities and shareholders' equity		468,809,328	251,081,386	389,559,681

The accompanying notes are an integral part of the financial statements.



Mr. Pichit Viwatirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

Netbay Public Company Limited and its subsidiary
Statement of comprehensive income
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Service income	8, 22	272,935,782	223,809,767	192,914,559	164,360,801
Cost of services	8	(58,622,452)	(50,221,578)	(27,429,772)	(28,237,025)
Gross profit		214,313,330	173,588,189	165,484,787	136,123,776
Other income	8	4,155,193	1,411,126	4,028,206	1,033,682
Profit before operating expenses		218,468,523	174,999,315	169,512,993	137,157,458
Servicing expenses		(38,481,708)	(32,428,164)	(31,371,778)	(26,333,735)
Administrative expenses	8	(84,935,759)	(74,173,214)	(75,497,939)	(66,429,993)
Profit before finance costs and income tax expenses		95,051,056	68,397,937	62,643,276	44,393,730
Finance costs		-	(254,570)	-	-
Profit before income tax expenses		95,051,056	68,143,367	62,643,276	44,393,730
Income tax revenue (expenses)	21	(5,730,471)	(3,092,330)	569,310	360,875
Profit for the year		89,320,585	65,051,037	63,212,586	44,754,605
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on change in value of available-for-sale investments - net of income tax	7, 12, 21	110,956	26,089	58,295	13,045
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		110,956	26,089	58,295	13,045
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains (losses) - net of income taxes	17, 21	(1,788,560)	195,842	(1,416,574)	30,067
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,788,560)	195,842	(1,416,574)	30,067
Other comprehensive income for the year		(1,677,604)	221,931	(1,358,279)	43,112
Total comprehensive income for the year		87,642,981	65,272,968	61,854,307	44,797,717
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.49	0.41	0.35	0.28
Weighted average number of ordinary shares (shares)		182,076,503	160,000,000	182,076,503	160,000,000

The accompanying notes are an integral part of the financial statements.

Mr. Pichit Viwatirujirapong
(Director)

Mr. Pichai Asavanapakas
(Director)

Netbay Public Company Limited and its subsidiary
Statement of changes in shareholders' equity
For the year ended 31 December 2016

Consolidated financial statements								(Unit: Baht)
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
				Appropriated	Unappropriated	Share surplus on change in value of investments	Share discount on business combination under common control	
Balance as at 1 January 2015		160,000,000	-	7,955,814	15,442,896	-	(76,851,515)	106,547,195
Profit for the year		-	-	-	65,051,037	-	-	65,051,037
Other comprehensive income for the year		-	-	-	195,842	26,089	-	221,931
Total comprehensive income for the year		-	-	-	65,246,879	26,089	-	65,272,968
Dividends paid	26	-	-	-	(14,400,000)	-	-	(14,400,000)
Unappropriated retained earnings transferred to statutory reserve	19	-	-	2,237,730	(2,237,730)	-	-	-
Balance as at 31 December 2015		160,000,000	-	10,193,544	64,052,045	26,089	(76,851,515)	157,420,163
Balance as at 1 January 2016		160,000,000	-	10,193,544	64,052,045	26,089	(76,851,515)	157,420,163
Profit for the year		-	-	-	89,320,585	-	-	89,320,585
Other comprehensive income for the year		-	-	-	(1,788,560)	110,956	-	(1,677,604)
Total comprehensive income for the year		-	-	-	87,532,025	110,956	-	87,642,981
Increase in share capital	18	40,000,000	115,341,500	-	-	-	-	155,341,500
Dividends paid	26	-	-	-	(56,960,000)	-	-	(56,960,000)
Unappropriated retained earnings transferred to statutory reserve	19	-	-	3,160,629	(3,160,629)	-	-	-
Balance as at 31 December 2016		200,000,000	115,341,500	13,354,173	91,483,441	137,045	(76,851,515)	343,444,644

The accompanying notes are an integral part of the financial statements.



Mr. Pichai Vivatjirapong
(Director)

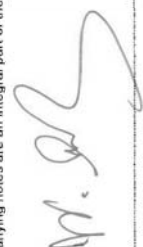


Mr. Pichai Asavanapakas
(Director)

Netbay Public Company Limited and its subsidiary
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2016

Separate financial statements										(Unit: Baht)
Note	Issued and paid-up share capital	Share premium	Retained earnings		Share surplus on change in value of available-for-sale investments	Other components of shareholders' equity			Total	
			Appropriated	Unappropriated		Share discount on business combination under common control	Total other components of shareholder's equity			
	160,000,000	-	7,955,814	14,787,896	-	(54,000,000)	(54,000,000)		128,743,710	
	-	-	-	44,754,605	-	-	-	-	44,754,605	
	-	-	-	30,067	13,045	-	-	13,045	43,112	
	-	-	-	44,784,672	13,045	-	-	13,045	44,797,717	
26	-	-	-	(14,400,000)	-	-	-	-	(14,400,000)	
	-	-	2,237,730	(2,237,730)	-	-	-	-	-	
	160,000,000	-	10,193,544	42,934,838	13,045	(54,000,000)	(53,986,955)		159,141,427	
	160,000,000	-	10,193,544	42,934,838	13,045	(54,000,000)	(53,986,955)		159,141,427	
	-	-	-	63,212,586	-	-	-	-	63,212,586	
	-	-	-	(1,416,574)	58,295	-	-	58,295	(1,358,279)	
	-	-	-	61,796,012	58,295	-	-	58,295	61,854,307	
18	40,000,000	115,341,500	-	-	-	-	-	-	155,341,500	
26	-	-	-	(56,960,000)	-	-	-	-	(56,960,000)	
	-	-	3,160,629	(3,160,629)	-	-	-	-	-	
	200,000,000	115,341,500	13,354,173	44,610,221	71,340	(54,000,000)	(53,928,660)		319,377,234	

The accompanying notes are an integral part of the financial statements.



Mr. Pichai Asavanapakas
(Director)



Mr. Pichai Asavanapakas
(Director)

Netbay Public Company Limited and its subsidiary

Statement of cash flows

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	95,051,056	68,143,367	62,643,276	44,393,730
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Interest income	(3,178,364)	(782,776)	(2,386,056)	(424,809)
Gain on sales of investments	(44,403)	(190,833)	(35,224)	(108,310)
Unrealised gain on change in value of investments	(274,787)	(172,692)	(122,608)	(169,323)
Amortisation of premium on (discount) debt securities	(644,304)	162,834	(274,554)	81,417
Depreciation and amortisation	3,141,042	1,487,017	1,130,881	1,238,444
Gain on disposal of equipment	-	(2,434)	-	(2,434)
Write-off equipment	-	503	-	503
Amortisation of deferred interest to be expenses	-	254,570	-	-
Write-off withholding tax	1,850,123	469,893	11,990	19,014
Provision for long-term employee benefits	3,349,991	2,203,772	2,846,549	1,804,377
Profit from operating activities before changes in operating assets and liabilities	99,250,354	71,573,221	63,814,254	46,832,609
Operating assets (increase) decrease				
Trade and other receivables	(5,677,793)	(1,496,510)	(6,096,646)	1,175,884
Inventory	109,034	(171,543)	109,034	(171,543)
Unbilled receivables	(7,317,757)	(1,355,140)	(6,308,412)	(1,168,224)
Prepaid expenses	(1,865,282)	(1,789,516)	(65,637)	42,325
Other current assets	(221,687)	446,764	(147,695)	(85,638)
Other non-current assets	801,464	(1,194,554)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	3,066,243	(3,831,181)	416,932	(5,181,106)
Accrued expenses	6,742,054	(1,243,864)	6,127,910	66,292
Unearned income	7,932,155	6,076,605	6,754	97,667
Other current liabilities	7,497,277	5,814,752	7,709,558	4,715,565
Other non-current liabilities	89,294	471,450	-	-
Cash flows from operating activities	110,405,356	73,300,484	65,566,052	46,323,831
Cash received from interest	97,027	381,454	56,345	227,214
Cash paid for income tax	(5,844,920)	(2,461,592)	(235,197)	(11,991)
Net cash flows from operating activities	104,657,463	71,220,346	65,387,200	46,539,054

The accompanying notes are an integral part of the financial statements.

Mr. Pichit Viwatwujirapong
(Director)

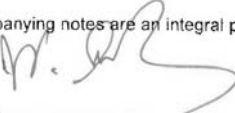
Mr. Pichai Asavanapakas
(Director)


Netbay Public Company Limited and its subsidiary
Statement of cash flows (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in current investments	(122,397,538)	(127,422,910)	(107,655,510)	(79,748,128)
Decrease (increase) in restricted bank deposits	(1,367,608)	(482,157)	19,283	1,124,460
Cash received from interest income	1,689,559	66,238	1,100,617	33,120
Cash paid for other long-term investments	(73,000,000)	(20,595,530)	(50,000,000)	(10,297,765)
Cash received from sales of other long-term investments	3,041,263	-	-	-
Cash paid for acquisitions of equipment	(2,804,786)	(5,506,453)	(770,589)	(732,138)
Proceeds from sales of equipment	-	2,514	-	2,514
Cash paid for acquisition of intangible assets	(2,057,303)	(210,000)	(220,203)	-
Net cash flows used in investing activities	(196,896,413)	(154,148,298)	(157,526,402)	(89,617,937)
Cash flows from financing activities				
Repayments made on liabilities under				
finance lease agreements	-	(8,388,091)	-	-
Dividends paid	(56,960,000)	(14,400,000)	(56,960,000)	(14,400,000)
Proceeds from increase in share capital	155,341,500	-	155,341,500	-
Net cash flows from (used in) financing activities	98,381,500	(22,788,091)	98,381,500	(14,400,000)
Net increase (decrease) in cash and cash equivalents	6,142,550	(105,716,043)	6,242,298	(57,478,883)
Cash and cash equivalents at beginning of the years	43,688,384	149,404,427	31,484,210	88,963,093
Cash and cash equivalents at end of the years (Note 6)	49,830,934	43,688,384	37,726,508	31,484,210
Supplemental cash flows information				
Non-cash items consists of				
Increase in share surplus on changes in				
value of available-for-sale investments	110,956	26,089	58,295	13,045
Actuarial gains (losses)	(1,788,560)	195,842	(1,416,574)	30,067

The accompanying notes are an integral part of the financial statements.


Mr. Pichit Viwatirujirapong
(Director)


Mr. Pichai Asavanapakas
(Director)

Netbay Public Company Limited and its subsidiary

Notes to consolidated financial statements

For the year ended 31 December 2016

1. General information

Netbay Public Company Limited ("the Company") is incorporated and domiciled in Thailand. It has been engaging in the provision and development of computer software used in transmission of information electronically. The Company's registered office is located at No. 719/5, 8-9 Rama 6 Road, Wangmai Sub-district, Pathumwan District, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Netbay Public Company Limited ("the Company") and the following subsidiary company ("the subsidiary"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			%	%
Cloud Creation Company Limited	Cloud computing provider	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.



Mr. Pichit Viwatirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

1

- c) Subsidiary is fully consolidated, being 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 subsidiary are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiary, under the cost method.

3. New financial reporting standards

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

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

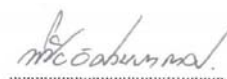
(b) Financial reporting standard that will become effective in the future

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

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



Mr. Pichit Viwatrujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

TAS 27 (revised 2016) Separate Financial Statements

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

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenue and expenses recognition

Revenues from service

Service income is recognised when services have been rendered taking into account the stage of completion.

Rendering of services from system development

System development service income is recognised as income on the basis of percentage of completion. The percentage of completion is based on cost of services rendered to date as a percentage of total cost of services to be rendered as assessed and certified by the Company's specialist. Allowance for foreseeable loss on projects is recognised in the accounts when the possibility of loss is ascertained.

Maintenance service income is recognised as monthly basis on the straight-line method over the term of the contracts.

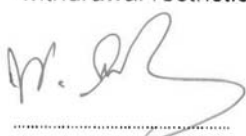
The recognised service income, which is not yet due under the contracts, have been presented in the statement of financial position under the caption of "Unbilled receivable". The unrecognised service income, which is due, has been presented in the statement of financial position under the caption of "Unearned income".

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.



Mr. Pichit Viwatrurirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

4.3 Trade and other receivables

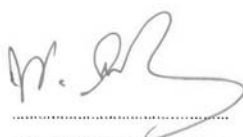
Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (under the weighted average method) or net realisable value.

4.5 Investments

- a) Short-term investment included promissory notes, term deposit with banks with maturity period of longer than 3 months but not longer than 1 year or term deposits with banks with an original maturity of 3 months or less, which the Company and its subsidiary intends to roll-over or reinvest when due.
- b) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- c) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- d) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- e) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- f) Investment in subsidiary is accounted for in the separate financial statements using the cost method.



Mr. Pichit Viwatrujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

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

4.6 Equipment and Depreciation

Equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Office equipment, computer equipment	3 and 5 years
Signal system and communication equipment	3 and 5 years

Depreciation is included in determining income.

4.7 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 and 5 years

4.8 Related party transactions

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

In addition, related parties include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them a significant influence over the Company, key management personnel, and directors and officers, with authority in the planning and direction of the Company's operations.

Mr. Pichit Viwatrujirapong
(Director)

Mr. Pichai Asavanapakas
(Director)

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4.9 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.10 Impairment of assets

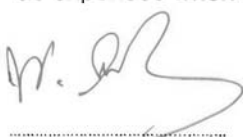
At the end of each reporting period, the Company and its subsidiary performs impairment reviews in respect of the investments, the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiary also carry out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when 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, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.



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(Director)



Mr. Pichai Asavanapakas
(Director)

Post-employment benefits

Defined contribution plans

The Company and its subsidiary and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiary. The fund's assets are held in a separate trust fund and the Company's and its subsidiary's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.12 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.13 Income tax

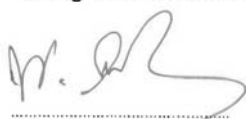
Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.



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(Director)



Mr. Pichai Asavanapakas
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The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.14 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 Company and its subsidiary 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 Company and its subsidiary 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 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary 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.



Mr. Pichit Viwatirujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

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5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

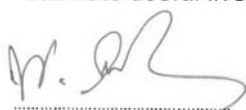
In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these 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.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Equipment and Depreciation

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



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(Director)

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

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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

The obligation under the defined 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.

6. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Bank deposits	27,747	43,688	15,643	31,484
Treasury bill	12,095	-	12,095	-
Bills of exchange	9,989	-	9,989	-
Total	49,831	43,688	37,727	31,484

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.10% and 0.50% per annum (2015: between 0.10% and 0.50% per annum).



Mr. Pichit Viwatirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

7. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Time deposits	-	35,000	-	17,500
Investments in securities held for trading				
Investments in open-end fund - Cost	105,400	48,099	57,400	40,099
Add: Unrealised gains on changes in value of investments	278	173	122	170
Fair value	105,678	48,272	57,522	40,269
Investment in debt securities, both due within one year and expected to be held to maturity	145,704	-	130,718	-
Investments in available-for-sale securities				
Bill of exchange	-	39,661	-	19,830
Government debt security - Cost	-	4,964	-	2,482
Add: Unrealised gains on changes in value of investments	-	27	-	14
Fair value	-	44,652	-	22,326
Total	251,382	127,924	188,240	80,095

8. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiary and those related parties, are summarised below.



Mr. Pichit Viwatirujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2016	2015	2016	2015	
<u>Transaction with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Management fee	-	-	1,200	200	On the basis agreed upon by both parties
Software development fee	-	-	15,654	2,336	On the basis agreed upon by both parties
<u>Transactions with related companies</u>					
Communication					
system rental fee	7,106	11,239	4,780	11,239	Market price
Office rental fee	3,904	3,904	3,724	3,724	On the basis agreed upon by both parties
Dividends payment	14,240	3,600	14,240	3,600	As declared

As at 31 December 2016 and 2015, the outstanding balances of the transactions between the Company, its subsidiary and its related parties and persons can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade and other payables - related party (Note 9)				
Subsidiary	-	-	321	53
Unbilled receivables - related party				
Subsidiary	-	-	7,477	1,168
Trade and other payables - related party (Note 15)				
Related party	1,831	2,537	802	2,511



Mr. Pichit Viwatirapong
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Directors and management's remuneration

During the years ended 31 December 2016 and 2015, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	44,898	39,660	40,457	35,595
Post-employment benefits	1,478	1,128	1,243	909
Total	46,376	40,788	41,700	36,504

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade accounts receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	321	53
Total trade accounts receivable - related party	-	-	321	53
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	26,211	24,057	21,953	19,012
Past due				
Up to 3 months	10,182	6,399	8,644	5,789
Total trade accounts receivable - unrelated parties	36,393	30,456	30,597	24,801
Total trade accounts receivable	36,393	30,456	30,918	24,854
<u>Other receivables</u>				
Accrued income	1,933	1,860	1,891	1,860
Other receivables	15	348	15	13
Total other receivables	1,948	2,208	1,906	1,873
Total trade and other receivables	38,341	32,664	32,824	26,727



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Mr. Pichai Asavanapakas
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10. Restricted bank deposits

These restricted bank deposits represent saving and fixed deposits pledged with banks do not exceed 6 months to secure the issuance of bank guarantees to guarantee services rendered to the customers as already described in Note 27.2.

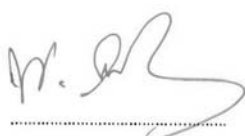
11. Investment in subsidiary

Detail of investment in subsidiary as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht)	
	Cost					
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
Cloud Creation Company Limited	50,000	50,000	100	100	50,000	50,000

12. Other long-term investments

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Investments in available-for-sale securities				
Corporate debt securities - Cost	17,157	20,322	10,090	10,161
Add: Unrealised gains on changes in value of investments	171	6	89	3
Net	17,328	20,328	10,179	10,164
Investments in debt securities held to maturity	73,000	-	50,000	-
Total	90,328	20,328	60,179	10,164



Mr. Pichit Viwatrujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

13. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements		
	Office equipment and computer equipment	Signal system and communication equipment	Total
Cost			
1 January 2015	10,086	90,822	100,908
Additions	806	4,700	5,506
Disposals/write-off	(2,198)	(30,412)	(32,610)
31 December 2015	8,694	65,110	73,804
Additions	775	2,030	2,805
31 December 2016	9,469	67,140	76,609
Accumulated depreciation			
1 January 2015	9,130	90,539	99,669
Depreciation for the year	565	395	960
Depreciation for disposals/ write-off	(2,198)	(30,412)	(32,610)
31 December 2015	7,497	60,522	68,019
Depreciation for the year	600	1,405	2,005
31 December 2016	8,097	61,927	70,024
Net book value			
31 December 2015	1,197	4,588	5,785
31 December 2016	1,372	5,213	6,585
Depreciation for the years			
2015 (Baht 0.7 million included in cost of services, and the balance in administrative expenses)			960
2016 (Baht 1.7 million included in cost of services, and the balance in administrative expenses)			2,005



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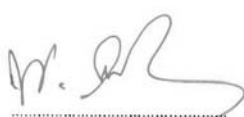
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(Unit: Thousand Baht)

	Separate financial statements		
	Office equipment and computer equipment	Signal system and communication equipment	Total
Cost			
1 January 2015	10,048	38,889	48,937
Additions	732	-	732
Disposals/write-off	(2,198)	(30,412)	(32,610)
31 December 2015	8,582	8,477	17,059
Additions	770	-	770
31 December 2016	9,352	8,477	17,829
Accumulated depreciation			
1 January 2015	9,103	38,606	47,709
Depreciation for the year	551	195	746
Depreciation for disposals/ write-off	(2,198)	(30,412)	(32,610)
31 December 2015	7,456	8,389	15,845
Depreciation for the year	576	74	650
31 December 2016	8,032	8,463	16,495
Net book value			
31 December 2015	1,126	88	1,214
31 December 2016	1,320	14	1,334
Depreciation for the years			
2015 (Baht 0.5 million included in cost of services, and the balance in administrative expenses)			746
2016 (Baht 0.4 million included in cost of services, and the balance in administrative expenses)			650

As at 31 December 2016, certain equipment items have been but fully depreciated are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 67 million (the Company only: Baht 15 million) (2015: Baht 66 million, the Company only: Baht 15 million).



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14. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Computer software - cost	5,027	2,970	2,779	2,559
<u>Less: Accumulated</u>				
amortisation	(2,734)	(1,598)	(1,928)	(1,447)
Net book value	2,293	1,372	851	1,112

A reconciliation of the net book value of intangible assets for the year 2016 and 2015 is presented below.

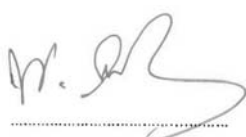
(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	1,372	1,688	1,112	1,604
Additions	2,057	210	220	-
Amortisation	(1,136)	(526)	(481)	(492)
Net book value at end of year	2,293	1,372	851	1,112

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts payable - related parties	1,831	2,537	802	2,511
Trade accounts payable - unrelated parties	7,157	3,964	2,034	551
Accrued expenses	2,453	1,874	1,991	1,348
Total trade and other payables	11,441	8,375	4,827	4,410



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(Director)

16. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Treasury bill investment payable	12,095	-	12,095	-
Other current liabilities	6,718	10,525	3,062	7,447
Total other current liabilities	18,813	10,525	15,157	7,447

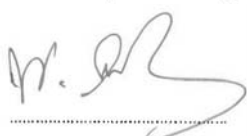
17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	11,822	9,863	9,751	7,984
Included in profit or loss:				
Current service cost	3,035	1,911	2,584	1,558
Interest cost	315	293	262	246
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Demographic assumptions changes	11	534	11	490
Financial assumptions changes	1,746	104	1,481	53
Experience adjustments	478	(883)	279	(580)
Provision for long-term employee benefits at end of year	17,407	11,822	14,368	9,751

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost of services	228	118	228	118
Servicing and administrative expenses	3,122	2,086	2,618	1,686
Total expenses recognised in profit or loss	3,350	2,204	2,846	1,804



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(Director)



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(Director)

As at 31 December 2016 and 2015, the Company and its subsidiary expect not to pay of long-term employee benefits during the next year.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 9.79 - 13.75 years (the Company only: 13.75 years) (2015: 8.76 - 12.05 years, the Company only: 12.05 years).

Significant actuarial assumptions are summarised below:

	Consolidated		(Unit: % per annum)	
	financial statements		Separate	
	2016	2015	2016	2015
Discount rate	2.06 - 2.28	2.80 - 3.10	2.28	3.10
Salary increase rate	6.0	5.50	6.0	5.50
Turnover rate	0 - 13	0 - 13	0 - 13	0 - 13

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: million Baht)			
	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Discount rate	(1.83)	2.26	(1.58)	1.96
Salary increase rate	2.22	(1.84)	1.91	(1.58)
Turnover rate	(1.93)	0.30	(1.66)	0.28

	(Unit: million Baht)			
	As at 31 December 2015			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Discount rate	(1.05)	1.30	(0.89)	1.11
Salary increase rate	1.29	(1.07)	1.10	(0.90)
Turnover rate	(1.12)	0.19	(0.95)	0.18



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(Director)



Mr. Pichai Asavanapakas
(Director)

18. Share capital

The Extraordinary General Meeting of the Company's shareholders held on 18 April 2014, passed resolutions approving the Company to proceed as follows.

- a) Change in the par value of the ordinary shares from Baht 10 per share to Baht 1 per share.
- b) Increase of Baht 40 million in the registered share capital by issuing 40 million new ordinary shares with a par value of Baht 1 per share.

The Company registered the change in par value of ordinary shares as discussed in a) and the increase in its registered share capital to be Baht 200 million, as discussed in b) with the Ministry of Commerce on 22 April 2014.

On 8 - 10 June 2016, the Company allocated of 40 million new ordinary shares with a par value of Baht 1 per share to the Initial Public Offering (IPO) at Baht 4 each, totaling Baht 160 million, with a share premium of Baht 115 million, net of related expenses incurred in making the offering. On 13 June 2016, the Company received all payment for IPO.

The Company registered the change of its share capital with the Ministry of Commerce on 13 June 2016. The Company's paid up capital therefore increased from Baht 160 million to Baht 200 million.

Reconciliation of number of ordinary shares

	(Unit: Thousand shares)	
	For the year ended	
	31 December	
	2016	2015
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at beginning of the year	160,000	160,000
Increase in share capital during the year	40,000	-
Number of ordinary shares at end of the year	200,000	160,000

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.



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(Director)



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(Director)

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20. Expenses by nature

Expenses by nature consist of significant expenses as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salary, wages and other employee benefits	109,866	91,715	98,951	81,720
Depreciation and amortisation	3,141	1,487	1,131	1,238
Rental expenses	17,957	19,273	13,051	16,693

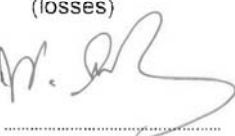
21. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	6,379	3,533	-	-
Adjustment in respect of income tax of previous year	21	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(670)	(441)	(569)	(361)
Income tax expense (revenue) reported in the statement of comprehensive income	5,730	3,092	(569)	(361)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax on share surplus on change in value of available-for-sale investments	27	7	14	3
Deferred tax on actuarial gains (losses)	(446)	49	(354)	8
	(419)	56	(340)	11



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The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2016	2015	2016	2015
Accounting profit before tax	95,051	68,143	62,643	44,394
Applicable tax rate	20%, 0%	20%, 0%	20%, 0%	20%, 0%
Accounting profit before tax multiplied by applicable tax rate	19,010	13,629	12,529	8,879
Adjustment in respect of income tax of previous year	21	-	-	-
Effects of:				
Promotional privileges (Note 22)	(12,317)	(8,582)	(11,424)	(8,560)
Non-deductible expenses	1,028	693	338	400
Others	(2,012)	(2,648)	(2,012)	(1,080)
Total	(13,301)	(10,537)	(13,098)	(9,240)
Income tax expenses (revenue) reported in the statement of comprehensive income	5,730	3,092	(569)	(361)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2016	2015	2016	2015
Deferred tax assets (liabilities)				
Surplus on changes in value of investments	(34)	(6)	(18)	(3)
Provision for long-term employee benefits	3,481	2,364	2,874	1,950
Total	3,447	2,358	2,856	1,947

As at 31 December 2016, the Company has unused tax losses totaling Baht 19 million (2015: Baht 14 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.



Mr. Pichit Viwatirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

22. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the software business, pursuant to the promotion certificate No. 1423(7)/2556 issued on 22 March 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues.

The subsidiary has received promotional privileges from the Board of Investment for software development, pursuant to the promotion certificate No. 2351(7)/2554 issued on 17 November 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided according to promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

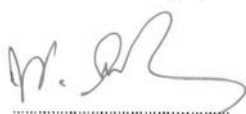
	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Service income	192,327	164,162	588	199	192,915	164,361

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares has been adjusted in proportion to the change in par value of ordinary shares, as mention in Note 18.

The following table sets forth the computation of basic earnings per share:

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit for the year (Thousand Baht)	89,321	65,051	63,213	44,755
Weighted average number of ordinary shares (Thousand shares)	182,077	160,000	182,077	160,000
Basic earnings per share (Baht per share)	0.49	0.41	0.35	0.28



Mr. Pichit Viwatirujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

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24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiary are organised into business units based on its products and services and have two reportable segments as follows:

- The e-Business segment, which develops an e-Business product and presented to the user in the form of services (SaaS: Software As A Service).
- The e-Service segment, which rendered an e-Business service for Business segment to Government (B2G) transaction, and Business segment to Business segment (B2B) transaction.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



Mr. Pichit Viwatrūjirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

The following tables present revenue, profit and total assets information regarding the Company and its subsidiary's operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2016					
	e-Businesses segment	e-Service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	177,261	95,675	272,936	-	272,936
Inter-segment revenue	16,854	-	16,854	(16,854)	-
Interest revenue	2,386	792	3,178	-	3,178
Depreciation and amortisation	1,131	2,010	3,141	-	3,141
Income tax expense or income	569	(6,299)	(5,730)	-	(5,730)
Segment profit	63,213	26,108	89,321	-	89,321
Segment total assets	389,560	137,047	526,607	(57,798)	468,809
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	(159)	2,447	2,288	-	2,288

(Unit: Thousand Baht)

For the year ended 31 December 2015					
	e-Businesses segment	e-Service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	162,024	61,785	223,809	-	223,809
Inter-segment revenue	2,536	-	2,536	(2,536)	-
Interest revenue	425	358	783	-	783
Interest expense	-	(255)	(255)	-	(255)
Depreciation and amortisation	1,238	249	1,487	-	1,487
Income tax expense or income	361	(3,453)	(3,092)	-	(3,092)
Segment profit	44,755	20,296	65,051	-	65,051
Segment total assets	210,445	90,636	301,081	(50,000)	251,081
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	(1,631)	7,537	5,906	-	5,906

Geographic information

The Company and its subsidiary operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.



Mr. Pichit Viwatirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

Major customers information

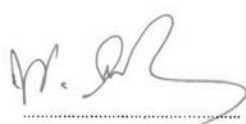
For the years 2016 and 2015, the Company and its subsidiary have no major customer with revenue of 10% or more of an entity's revenues.

25. Provident fund


The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiary contribute to the fund monthly at the rates of 3% to 15% of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for year 2016 amounting to approximately Baht 2.2 million (2015: Baht 1.9 million) were recognised as expenses.

26. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2016			
Dividend from the retained earnings and the operating results of the year 2015	Annual General Meeting of the Shareholders on 27 April 2016	42,896	0.2681
Interim dividends for 2016	Board of Directors' meeting on 12 May 2016	14,064	0.0879
Total		56,960	0.3560
Dividends for 2015			
Interim dividends for 2014	Board of Directors' meeting on 14 May 2015	14,400	0.0900



Mr. Pichit Viwatirujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

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27. Commitments

27.1 Operating lease commitments

The Company and its subsidiary have entered into lease agreement in respect of the lease of office building space. The term of the agreement is generally 3 years.

The Company and its subsidiary have future minimum lease payments required under operating lease contracts were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	2016	2015
Payable:		
In up to 1 year	4	4
In over 1 and up to 3 year	4	-

27.2 Guarantees

As at 31 December 2016, there were outstanding bank guarantees for service rendered the customers of approximately Baht 5.3 million (the Company only: Baht 3.2 million) (2015: Baht 5.1 million, the Company only: Baht 3.2 million) issued by banks on behalf of the Company and its subsidiary. The letters of guarantee was pledged by the Company's saving account and term deposit account of the subsidiary.

28. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiary had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	106	-	106
Available-for-sale investments				
Corporate debt securities	-	17	-	17



Mr. Pichit Viwatirujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

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(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	58	-	58
Available-for-sale investments				
Corporate debt securities	-	10	-	10

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2015

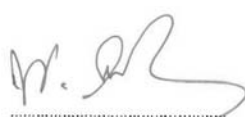
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	48	-	48
Available-for-sale investments				
Bill of exchange	-	40	-	40
Government debt security	-	5	-	5
Corporate debt securities	-	20	-	20

(Unit: Million Baht)

Separate financial statements

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	40	-	40
Available-for-sale investments				
Bill of exchange	-	20	-	20
Government debt security	-	2	-	2
Corporate debt securities	-	10	-	10



Mr. Pichit Viwatruijirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

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29. Financial instruments

29.1 Financial risk management

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current and long-term investments, trade and other receivables, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiary do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

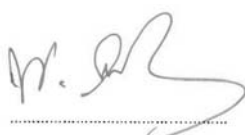
Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to its cash at financial institutions. However, since most of the Company and its subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date of this occurs before the maturing date.

(Units: Million Baht)

As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
<u>Financial assets</u>						
Cash and cash equivalent	6	-	14	30	50	0.10 - 0.50
Current investments	91	-	-	160	251	1.60 - 4.60
Trade and other receivables	-	-	-	38	38	-
Deposits at bank with restrictions	4	-	4	-	8	1.00
Other long-term investments	-	90	-	-	90	1.91 - 4.18
Total	101	90	18	228	437	



Mr. Pichit Viwatruijirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

(Units: Million Baht)

As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
<u>Financial liability</u>						
Trade and other payables	-	-	-	11	11	-

(Units: Million Baht)


As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
<u>Financial assets</u>						
Cash and cash equivalent	-	-	44	-	44	0.10 - 0.50
Current investments	80	-	-	48	128	1.44 - 3.13
Trade and other receivables	-	-	-	33	33	-
Deposits at bank with restrictions	2	-	4	-	6	1.00
Other long-term investments	-	20	-	-	20	3.08 - 4.18
Total	82	20	48	81	231	
<u>Financial liability</u>						
Trade and other payables	-	-	-	8	8	-


29.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the debt-to-equity ratio of the Company and its subsidiary was 0.37:1 (the Company only: 0.22:1) (2015: 0.59:1, the Company only: 0.32:1).


Mr. Pichit Viwatirujirapong
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Mr. Pichai Asavanapakas
(Director)

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31. Events after the reporting period

On 23 February 2017, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval.

1. To transfer 5% of profit for the year 2016 or a total of approximately Baht 3.2 million to statutory reserve.
2. To approval of dividend payment from operating results of April to December 2016 from the activities that receives the promotional privileges from the Board of Investment. The dividend will be paid by cash at the rate of Baht 0.2230 per share or in the total amount not exceeding Baht 45 million. The payment of cash dividend shall be made within 18 May 2017. As the Company's Board of Directors Meeting held on 12 May 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.0879 per share. The interim dividend was paid on 26 May 2016. As a result, total dividend per share for the year 2016 is Baht 0.3109 per share.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2017.



Mr. Pichit Viwatirujirapong
(Director)



Mr. Pichai Asavanapakas
(Director)

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Innovative Technology Company

บริษัท เน็ตเบย์ จำกัด (มหาชน)

Netbay Public Company Limited

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