

Annual Report
2016

20th Anniversary



MFEC 2017 : LAND OF OPPORTUNITY

MFEC Public Company Limited

----- Vision -----

WE DEVELOP THE ORGANIZATION
TO BECOME AN
‘INSTITUTION’
WIDELY RESPECTED BY PUBLIC AND
INVESTORS WITH OUR STABILITY,
CONTINUOUS GROWTH AND
SUSTAINABILITY

----- Mission -----

Aim to turn the company into a national and regional leader
of information technology business with complete services

Enhance competitiveness continuously and sustainably through
the dedicated development of quality products and high-class
services with certified standard at reasonable prices for every level
of customers

A commitment as a leader to encourage country IT human
resources development and to create value added jobs for
local community, leading to income distribution which is a key
indicator of country people's quality of life enhancement



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Message from The Board of Directors

I, Mr. Sirisak Tirawattanangkul on behalf of the Board of Directors, executives and employees at MFEC Public Company Limited and MFEC Group, equally share inconsolable and overwhelming grief at the departure of our venerated His Majesty King Bhumibol Adulyadej. We would like to pay respects to our dearly beloved King who had lifelong dedication with his royal grace for all Thai people's prosperity, happiness and peace. Our highly revered King's dedicated duties will stay in our hearts eternally. May it please Your Majesty

Mr. Siriwat Vongjarukorn

Chief Executive Officer/
President

MFEC Public Company Limited

Mr. Sirisak Tirawattanangkul

Chairman
MFEC Public Company Limited



We all would like to apply his valuable initiatives for our personal lives and businesses in the fields of integrated consultancy services, development and planning on computerised systems and information technology networks for all diverse clientele. MFEC will operate its businesses with transparency, good corporate governance, environmental and social responsibility, and sustainable growth for great benefits of the company, the society and the country as a whole. The company would like to take part in deployment of information technology (IT) and innovation to drive the nation's development. Previously, MFEC was highly committed to collaborating with state agencies and education sector to improve IT capability and produce IT human resources, under the Industry Linkage Scheme, that satisfied the business sector's demand. The Industry Linkage Scheme connected the manufacturing sector with the education, mustering both's strengths for a mechanism that developed IT human resources for five (5) consecutive years. Memorandums of Understanding (MOUs) were made with seven (7) private and state universities for academic collaboration. Such scheme was driven under the company's mission that MFEC will be the leader that encourages the country's human resources development, creation of highly value-added works at the local level, and income dissemination for upgrade of people's standard of living.

The year 2016 was the key point MFEC celebrated its 20th anniversary. In achieving its second decade with long-term stability and sustainability, the company embarked on an organizational restructuring with a new strategy on business management as to cope with economic slowdowns in the country and abroad. In addition, changing IT prompted rapid changes in consumer behavior. For example, a strategy on 'Business Transformation' aimed at exploiting technology to upgrade and develop changed businesses, while MFEC's capabilities and expertise were brought together to solve problems and build up competitive advantages for customers in other industries that have confronted economic challenges and radical changes.

Another strategy on 'MFEC Success DNA' created new generations who demonstrated their creativity to meet demand of customers and benefit them. The organization became a network connecting them to exchange and develop skills for achievements. Given the said strategy, pride arose, while internal startups were established for the current trend of FinTech StartUp. The systematic internal management Cross Matrix

was added to encourage business-unit executives plan each unit's human resources and internal operations that attained the organization's strategies and goals with efficiency. Thus, its front-office and back-office staffs were firmly united.

Furthermore, the key reforms were 'PLAYTORIUM' Project with a task for restructuring the office climate. The 'PLAYTORIUM' was the product development center while MFEC's second branch mirrored its organizational image as being full of creativity. In addition, the work implementation was upgraded with the concept 'New Office – New Culture' being comprised of four elements: 1. Collaboration; 2. Communication; 3. Concentration; and 4. Chill Out. MFEC's new office was situated at the 11th Floor of SJ Infinite One Building. Based on its information disclosure, MFEC concentrated, as its direction for survival during the crisis, on opportunity buildups, and internal and external reinvestment. In regard to the joint investment, the company provided integrated supports for fund, IT and teams of IT expertise. The joint investment is done in the form of corporate venture capital (CVC). For example Playtorium Solutions is MFEC's first startup led by MFEC employees who are capable of business operations for the new business model with future sustainable development. Playtorium Solutions focuses on integrated system testing services with a business model "Crowd Testing." We joint investment was made with Panjaluck Pasuk, an entertainment startup that currently created Thailand's largest tourism innovation. Its new highlight destination was located in Pattaya of Chon Buri province. Another joint investment was made with LOVEiS to develop an application that built up closer relationship among artists and their fans through technology. The application was so-called 'Fanster Application' aiming to satisfy new generations' lifestyle.

Finally, we, on behalf of the Board of Directors, would like to take this opportunity to thank all groups of our stakeholders extending from all customers, partners, shareholders, employees to all executives for their great dedication and firm supports to MFEC's achievements. Please be assured that the Board of Directors will adhere to its good corporate governance for the company's consistent and sustainable growth. In the meantime, its greater participation will be foster to shape the good society, develop human resources, create value-added works at the local level and disseminate income, while people's quality of living will be upgraded as a foundation for greater prosperity in the future.



Company Profile

Head Office Development Center and Branches

Company name	MFEC Public Company Limited
Initial	MFEC
Business Type	IT Services and Systems Integration

Location

Head Office	699 Modernform Tower, Srinakarin Road, Suan Luang, Bangkok 10250 Thailand Tel. 0-2664-5999 Fax. 0-2278-9279
Development Center (Branch1)	333 Lao Peng Nguan Tower, Vibhavadi-Rangsit Road, Chompol, Chatuchack, Bangkok 10900 Tel. 0-2664-5999 Fax. 0-2278-9279
Development Center (Branch2)	349 SJ Infinite One Business Complex, 11 th Fl., Vibhavadi-Rangsit Road, Chompol, Chatuchak, Bangkok 10900 Thailand Tel. 0-2664-5909
Home Page	www.mfec.co.th
Investor Relations	E-mail : investor@mfec.co.th
Company Secretary	E-mail : secretary@mfec.co.th
Registration No.	01075 4600015 6
Issued Capital	Baht 441,453,555
Paid-up Capital	Baht 441,453,555

Reference**Securities Registrar**

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building, Ratchadapisek Road, Klong Toey,
Bangkok 10110 Thailand
Tel. 0-2229-2800 Fax. 0-2359-1262-3 Website <http://www.tsd.co.th>

Auditor

Mr.Thanawut Piboonsawat, Certificated Auditor No. 6699
Ms.Sulalit Ardsawang, Certificated Auditor No. 7517
Mr.Peradate Pongsathiansak Certificated Auditor No. 4752
Dharmniti Auditing Company Limited
267 Phacharat Sai 1 Road, Bang Sue, Bangkok 10800 Thailand
Tel. 0-2587-8080 Fax. 0-2586-0301 Website <http://www.dharmniti.co.th>

Solicitor**Dhamniti Law Office Company Limited**

No. 2/4 Nai Lert Tower, 4th Floor, Wireless Road, Lumpini, Patumwan, Bangkok 10330
Tel. 0-2252-1260 Fax. 0-2252-1104

Grand Law Office

96/1 Moo 5, Highway no.345 Road, Bangkoowat, Muang District, Patumthani 12000
Tel. 0-2977-0339 Fax. 0-2977-0993

Yanisatharm Law Office

55/5 Intamara 45 Soi, Intamara Road, Din Daeng District, Bangkok 10400
Tel. 0-2693-8917-8 Fax. 0-2693-8919



Success 2016



1 MOBILE BANKING

"The Best Mobile Banking Project"



Y15 Service Provider Partner of the Year

Thailand & Indochina Partner Conference 2016



EUC Partner of the Year 2015

VMware Partner Kick Off 2016



14th Outstanding Chula Engineer

Mr. Siriwat Vongjarukorn
Executive Chairman at
MFEC Public Company Limited



Received Good

in 2016
by Thai Institute of Directors
Association (IOD)



Received Very Good

in 2016
Annual General Meeting
(AGM)

The Year 2016

- Awarded "The Best Mobile Banking Project" from The Asian Banker at The Westin Grande Sukhumvit, Bangkok on 14 July 2016.
- Awarded "FY15 Service Provider Partner of the Year" in Thailand & Indochina Partner Conference 2016, Phuket from Cisco at Pullman Hotel, Phuket during 23-25 March 2016.
- Awarded "EUC Partner of the Year 2015" in VMware Partner Kick Off 2016 from VMware at The Westin Grande Sukhumvit, Bangkok on 22 March 2016.
- Mr. Siriwat Vongjarukorn, Executive Chairman at MFEC Public Company Limited, won "14th Outstanding Chula Engineer" for the year 2015 from Chulalongkorn University's Engineering Alumni Association at Plaza Athenae Bangkok, A Royal Meridien Hotel on 20 January 2016.
- Received "Good" for the assessment result in corporate governance of the Thai listed companies in 2016 from Thai Institute of Directors Association (IOD)
- Received "Very Good" for the assessment result in the organization of the Annual General Meeting of the Shareholders (AGM) in 2016. from Thai Investors Association.



Business's Policies and Overview

Company's Business Strategy

MFEC targets to become the regional and national leader in consulting services and development of integrated computer network and electronic commerce. In addition, the Company promotes its development to the national institution with stability and sustainable growth. Thus, it readjusts its businesses as a preparation for its 20th anniversary with sustainability following the IT trend. That is the combination of Social, Cloud Computing, Big Data, Mobility and Security for the era of Digital Business Transformation. MFEC's business readjustment aims to handle rapidly-changing situations at the present, and create highly value-added pieces to keep pace with marketing trends and satisfy customers' demand. In the year 2016, the Company set its target to build up the Industry Linkage scheme, producing 1,500 competent persons. In the past year, it signed Memorandums of Understanding with more than seven private and state universities. Such scheme was driven with the corporate mission "The Company will act as the leader encouraging development of human resources in the nation, creating highly value-added works at the local level, disseminating income and upgrading people's quality of life." This came under the Company's direction for enhancement of its human resources' capability and build-up of IT work readiness with quality for students for the business sector.

MFEC Group's business strategy 2016

1. Focus on Specific Business Model

MFEC Group placed importance on the strategy focusing on rapid adjustment for all circumstances through internal organizational restructuring. This was to enhance management effectiveness by grouping three main businesses under MFEC Group as the following.

1.1 Consulting & Professional Services Group This business provided consulting services for telecommunications, and finance and banking businesses. Skilled employees from MFEC's subsidiaries and joint ventures with foreign partners were selected. The company targeted to become the first-class consulting company in Thailand and in the region correspondingly.

1.2 System Integration Services Group Its services extended from design, supply, development, to installation of computer system and information network, as well as after sales services such as storage system, internal and external network system, and information and software management system, etc.

1.3 Software Development Services Group This group focused on software development, and new innovation which were Intellectual Property, and human resource development through Cooperative Education programs with over 20 universities in Thailand. Its plan was to develop more competent IT personnel for the market.

2. Go to Market Strategy

Under the marketing plan, existing products and services were grouped for both MFEC Group and its supplies. Those newly-made ones were also grouped with detailed operational plans.

3. Customer Focus

3.1 Customer Database and Intelligence: Gathering and storing all companies' customer databases in all categories into the central database, analyzing need and searching for opportunity in products and services of MFEC Group.

3.2 Customer Relationship Management: Arranging and improving framework for the whole value chains starting from marketing, sales, services, support to logistics. The task was achieved through measures and customer satisfaction surveys, while the results were reported to the executives.

3.3 Prospect Lead Generation: Collaborating within MFEC Group in marketing activities helped it identify targeted customers, which could bring profitable outcome.

3.4 New Market Development: New Market Development: New markets will be searched for in the country and overseas, while new types of products and services are developed to satisfy demand in industries following MFEC's business transformation and new business models in the forms of joint investment with allies in industries extending from printing media, TV media to entertainment groups. Joint investment will be aimed at development of IT system, Internet service system and technologies. Joint ventures will be established with MFEC holding 50% of their registered capital. MFEC will invest in all technology systems, set the direction for the organization's competitiveness to cope with the industry trend, and build up strength in Customer Centric through development of new products on a basis of demand studies and success in customers' business operations.

In 2016, the Company joined hand with Chulalongkorn University for an establishment of a learning center - Data Science Café, targeting to produce human resources or data scientists. Hence, development in knowledge and products was taken and consultancy service was provided with information analysis and knowledge from Big Data specialists. Training courses were formulated for university students and external organizations necessary for the education sector, economy, politics and society. Besides, the Company pays attention on investment in recurring businesses and set a goal to generate more income from professional services than that from system integration and development as a means to gain higher gross profit margin. In 2016, the Company continued to maintain its capability in maintenance services, a source of recurring income.

Structure of MFEC Group's Shareholding

MFEC Public Company Limited and its subsidiaries provide professional consulting services, and engaged in development and IT network and system integration for the private and public sectors, especially leading state enterprises and industries with high demand for IT services. Our services extend from problem solving to others tailored to satisfy customers' requirements in terms of IT network and system integration as well as development of hardware, software, peripheral device, network device, installation, testing, training, and maintenance services

Our three (3) business categories

1. Provide Consulting Services and Information Technology

We provide consulting services and comprehensive information technology development. Our services include analysis and design of specific systems for customers, starting from information technology application, internal and external work process adjustment, electronic commerce to business information for decision-making. This aims at helping customers to gain competitiveness and deal with rapidly-changing business environment. We work closely with our customers so that we can understand their businesses, business strategies, specific requirements, as well as computer device, network and system. Then, conclusion can be reached with recommendations for the customers' detailed operational plans and processes with system development to attain their objectives.

2. System Integration

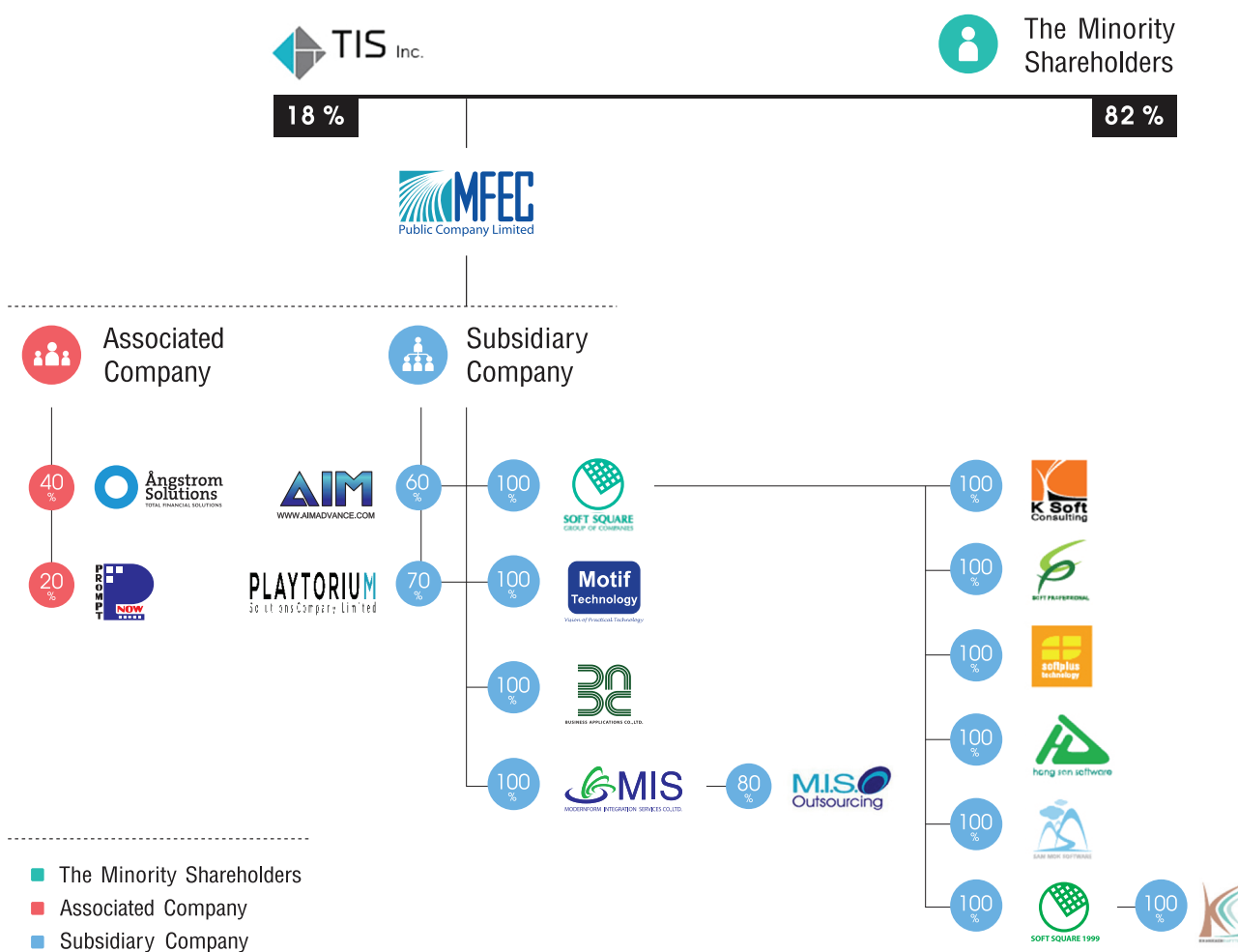
We design, supply, develop, and install IT network and computer system such as storage system, information security system, internal or external network connection system. Examples are Intranet, LAN, WAN, Unified Communication, IT and Management Software System, after-sales services.

3. As a service

We support our customers with maintenance services and techniques for organizational computer system. Our talented system engineers are ready to provide services in both hardware and software. In addition, we provide timely testing, maintenance and repair, and hardware replacement as necessary. With our services, customers see lower cost burden for maintenance personnel recruitment, and enhance system capability and effectiveness. We regularly set training courses in problem analysis and system introduction for the customers.

On 1 May 2016, the Company divested some portion of Promptnow's common shares and waived its rights to purchase the latter's new shares for capital increase to the TIS Group, following the Company's Annual General Meeting of Shareholders No. 1/2016 dated 25 April 2016. After that, the Company's stake in Promptnow Company Limited declined from 60% to 20% of the latter's registered capital and, with that, the Company shifted its status to an associate company only.

In its Board of Directors' Meeting No. 7/2016 dated 10 November 2016, the Company received a green light to join investment with its employees in a new project, establishing a startup - called Playtorium Solutions Company Limited, within December 2016. The startup provides services involving IT integration and solutions. The Company holds 70% of the startup's registered capital (5,000,000 baht).

Corporate Structure of MFEC Public Company Limited and its subsidiaries as of December 31st, 2016

Note : None of any conflicting shareholders hold MFEC Group's shares exceeding 10% of all shareholders

Presently, MFEC Public Company Limited has 13 subsidiaries and two (2) Associated Company, The group can be categorized by products and services below.

MFEC Group's products and services

Associate Company	Main Products/Services	Type of Customers
1. Angstrom Solutions Co., Ltd. (Angstrom)	<ul style="list-style-type: none"> Securities Trading System 	<ul style="list-style-type: none"> Finance and Securities
2. PromptNow Co.,Ltd. (PN)	<ul style="list-style-type: none"> Mobile Financial Service Gamification Managed Service 	<ul style="list-style-type: none"> Financial Institutions Telecommunication

Subsidiary Company	Main Products/Services	Type of Customers
1. Advance Intelligent Modernnity Co., Ltd. (AIM)	<ul style="list-style-type: none"> • Mobile products • Software as a Service • E-commerce • Digital content • FinTech 	<ul style="list-style-type: none"> • Telecommunication • Insurance Group • Retail Business • Financial Institutions • Consumers
2. Modernform Integration Services Co., Ltd (MIS)	<ul style="list-style-type: none"> • Modern Pay (Mobile Payment Gateway) • Service Management <ul style="list-style-type: none"> - Managed Services - Project based (PC/NB/PRN) 	<ul style="list-style-type: none"> • E-Commerce • Business that require alternative payment channel • Medium market • Insurance • Manufacture and Petroleum Industry • Service and Transportation
3. M.I.S. Outsource Co., Ltd. (MISO)	<ul style="list-style-type: none"> • Inspection and Solution, Guarantee and Maintenance of IT Infrastructure System • IT Project Management and Equipment Management • IT Human Resources for Outsourcing • Consultancy Services and Development o Cloud Computing Network and internal joint work system • Consultancy Services and Establishment of IT Hardware and Software Infrastructure 	<ul style="list-style-type: none"> • Tourism Industry • Financial Institutions • Transportation Business • Manufacturing Group • Retail Business • Food Industry • Public Sector and State Enterprise Group
4. Business Application Co., Ltd. (BAC)	<ul style="list-style-type: none"> • Business Analytics <ul style="list-style-type: none"> - Cognos BI - Cogno TM1 - SPSS Software - Table au - Datawatch 	<ul style="list-style-type: none"> • Government and Private in all industries
5. Motif Technology Public Company Limited (Motif)	<ul style="list-style-type: none"> • Consultancy Services and Development of Computer Network • Software Development <ul style="list-style-type: none"> - Sales Platform (for financial institutions, insurance/life insurance firms, enterprise industry) <ul style="list-style-type: none"> • Customer Activities System (iCAS) • Tele Sales (iTeleSales) • Sales Lead Management (iSLM) • Customer Services (iCRM) • Campaign Management (iCampaign) • Digital MKT (iDitital MKT) 	<ul style="list-style-type: none"> • Financial Institutions • Insurance/Life Insurance Group • State Enterprise Group and Public Sector • Enterprise Group (Boonrawd, King Power)

Subsidiary Company	Main Products/Services	Type of Customers
	<ul style="list-style-type: none"> - Specific Software for the Insurance Sector <ul style="list-style-type: none"> • Claim (iClaim) • New Business (iNB) • Policy Owner Services (iPOS) • Distribution Management System (DMS) <ul style="list-style-type: none"> - Agent Management (iAM) - Agent Ledger (iAL) - Agent Portal (iAgent) - Agent Compensation (iCompensation) - Specific Software for the Banking Sector - Collection (iCollection) - Legal Tracking System (iLegal) - Non Performance Asset (iNPA) - Appraisal Collateral (iAppraisal) - Custodian (iCustodian) 	
6. Soft Square 1999 Co., Ltd. (SS1999)	<ul style="list-style-type: none"> • Operation Consulting Service • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Retail Business • Industrial Factory • Governmental Agency
7. Khon Kaen Softtech Co., Ltd. (KKS)	<ul style="list-style-type: none"> • Operation Consulting Service • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Import – Export Business • Governmental Agency
8. Soft Plus Technology Co., Ltd. (SPT)	<ul style="list-style-type: none"> • Operation Consulting Service • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Retail Business
9. Soft Professional Co., Ltd. (SP)	<ul style="list-style-type: none"> • Operation Consulting Service • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Energy Business • Financial Institutions
10. Sam Mok Software Co., Ltd. (SM)	<ul style="list-style-type: none"> • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Government Agencies
11. KSoft Consulting Co., Ltd. (KS)	<ul style="list-style-type: none"> • Operation Consulting Service • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Energy Business • Financial Institution • Auction Business

Subsidiary Company	Main Products/Services	Type of Customers
12. Hong Son Software Co., Ltd. (HS)	<ul style="list-style-type: none"> • Operation Consulting Service • Customized Software Design and Development • Systematic Operation Support 	<ul style="list-style-type: none"> • Energy Business • Financial Institution • Auction Business
13. Playtorium Solutions Company Limited (PTS)	<ul style="list-style-type: none"> • IT System integration and solutions for new technology groups and startups • Head hunting 	<ul style="list-style-type: none"> • Financial institution group • Insurance/Life Assurance Group • Telecommunications Group • SMEs/Start Up

Business Connection with Major Shareholders

The Company and its group are neither associate company nor a part of the major shareholder's group of businesses. The Company's main business operations do not have any relationship or connection with the major shareholder's group of businesses significantly. Hence, the Company has synergized its marketing strategy with the major shareholder, attempting to extending its business opportunities in its targeted customer groups in the country and overseas in order to cope with its business expansion.

Only Promptnow, earlier MFEC's subsidiary, has relationship with the major shareholder - TIS Inc. Provided that MFEC's divestment of a portion of Promptnow's shares and waive of its right for the latter's new shares for TIS Inc. On 1 May 2016 for the a purpose of expanding the Japanese customer base in Thailand and the customer base abroad, Promptnow, with TIS Inc.'s

leading position in financial technology, would become the provider with more specific capabilities. After the share transactions, TIS Inc. own a 40% stake in Promptnow, TISI (Thailand) Company Limited a 20% stake, MFEC Public Company Limited a 20% stake and the minority shareholders combined a 20% stake.

TIS Inc. is the Company's major shareholder and stakeholder. As of 31 December 2016, TIS Inc. owned 18% of the Company's registered and paid-up capital. On 1 June 2016, TIS Inc.'s group of businesses merged within and renamed itself to TIS Inc. (TIS) for benefits in terms of management, oversight and supervision, and a business synergy. Therefore, its internal structure shifted. Presently, TIS Inc. has 57 subsidiaries and 42 associate companies. Below is its detailed structure.

TIS Inc.

TIS Solution Link Inc.	100%
TIS System Service Inc.	100%
TIS Total Service Inc.	100%
TIS Business Consultants Inc.	100%
TIS Hokkaido Inc.	100%
TIS Tohoku Inc.	100%
TIS Nagano Inc.	100%
TIS West Japan Inc.	97.6%
TIS R&D Center, Inc.	100%
TISI (Shanghai) Co., Ltd.	100%
Tianjin TIS Hi-tech Information System Service Co., Ltd.	60%
TISI (Singapore) Pte. Ltd.	100%
I AM Consulting Co., Ltd.	49% TISI(Thailand): 41%
TISI (Thailand) Co., Ltd.	49%
PromptNow Co., Ltd.	40% TISI(Thailand): 20%
MUT Business Outsourcing Co., Ltd.	49%
ELVEZ, INC.	31%
QUADRAC Co., Ltd.	29%
DG Technologies, Inc.	20%
PT Anabatic Technologies	20%
INTEC Inc.	100%
AGREX Inc.	100%
QUALICA Inc.	100%
AJS Inc.	51%
Chuo System Corporation	100%
NEOAXIS Co., Ltd.	100%
IT Service Force Inc.	100%
SorunPure Inc.	100%

Overall

Subsidiaries:

57

companies



Affiliated:

42

companies

As of Nov 2016

Baseline Technology Consultants Co., Ltd.	100%
ECM Consulting Co., Ltd.	100%
i Coach Co., Ltd.	100%
iTS-Tradeship Co., Ltd.	100%
iHR Consulting Co., Ltd.	100%
CODE IT Consulting Co., Ltd.	100%

(PT Anabatic Subsidiaries)

(INTEC Inc. Subsidiaries)

(AGREX Inc. Subsidiaries)

(QUALICA Inc. Subsidiaries)

Additional details of INTEC Inc. , AGREX Inc. and QUALICA INC. are depicted in the website

Ref: <http://www.tis.com/documents/en/group/information>



Business Characteristics



Industry Situation, Competition, and Market Trend

In the year 2016, The global economy registered a moderate growth of 2.9%, driven mainly by emerging-market countries' continued gradual recoveries. The prior year witnessed the global economic slowdown and money-market volatility as a result of commodity prices and less revolving capital. Comparatively, developing countries have had a chance for the 4.8% expansion. China still faced the economic slowdown. On the contrary, the United States tended to see satisfactory economic expansion in light of a rise in its benchmark rate, which increased velocity of money in the country. The World Bank forecast that a combination of fiscal and monetary policies in each country could alleviate impacts and foster economic growth. Financial risks could heighten from borrowings. The Thai economy still expanded in a gradual pace with its estimated growth in a range of 3.2-4.0 percent in 2016. Thai exports contracted more than expected. However, the public investment and tourism assisted in the economic expansion with the fiscal stimulus measures for more private spending and tax deduction. In regard to the Software Industry Promotion Agency (Public Organization), so-called SIPA, its software development continued. In addition, the Digital Economy Promotion Agency was established as another public organization which provided financial knowledge to business operators and promoted projects to drive the economy and society through adequate supply of human resources for all business sectors.



In the year 2016
The global economy registered
a moderate growth

of

2.9

Comparatively, developing countries
have had a chance for the 4.8% expansion

In 2016, the Ministry of Information and Communication Technology introduced the policy accelerating the digital development plan for the economy and society (Digital Thailand). It has steered Thailand's reform through digital innovation, promoting and supporting projects to drive the economy and society through knowledge providing, human resources hunting and financial assistance for successes. The public sector and all private groups extending from large, medium to small sizes have been restructured, while confidence in the digital technology has been built with four (4) main targets. The first target involved the economy, concentrating on enhancement of the country's economic competitiveness and performance. The second target related to the society, building up the equal opportunity for the quality society and good quality of living for all groups of Thai people. The third target connected the development of work processes and public services with the digital technology and the last one aimed at the development of human capital for the digital era in order to satisfy demand of service users and customers more swiftly with higher efficiency.

A number of projects have been implemented to respond with the government's policy, while going for three main achievements: digital technology development; human resources development; and administration. Integrated development of digital content was emphasized in the aspects of education, culture, public health, professional skills and Digital Platform Technology for the business sector. All were directed to increase the country's international competitiveness and to drive the digital economy and society with sustainability. The strategies were, then, formulated for the digital economy in the following aspects.

- Hard Infrastructure
- Soft Infrastructure
- Service Infrastructure
- Digital Economy Promotion
- Digital Society
- Knowledge Resource

Such strategies complied with the digital economy policy and three-year roadmap for the digital economy. Some pilot projects have been executed. These were as follows: 1. Enterprise Resource Planning (ERP); 2. Closed Circuit Television (CCTV); 3. Application Program Interface (API); 4. e-Market Place; 5. Digital Technology for Quality-of-Life Improvement and Narrower Gap for the Handicapped; and 6. High-Speed Internet (Broadband). The auctions of 4G or frequencies of 1800 MHz and 900 MHz were for pushing Thailand for fully providing broadband services and arranging information related to integration of the public sector's fiber optics network.

In the wake of Thailand's integration into ASEAN Economic Community (AEC) in 2016, the country's economic and social changes arose. The Association of Information Technology Industry paid high attention on innovation build-ups, and research and development as a means to upgrade the country's competitiveness in the regional market and to cope with the Global Mega Trends. MFEC Public Company Limited, thus, adopted the business management restructuring to deal with current situations. The Company continued its adherence to its strength in services provided to maximize customers' satisfaction with teams of highly-experienced experts in the fields of IT strategy consulting services and design, and system integration and development. While the Company could successfully compete with its rivals, its customers were consistently served with integrated and high value-added services.

Source:

Ministry of Information and Communication Technology:
<http://www.mict.go.th>

The digital development plan: <http://www.thaigov.go.th/index.php/th/news-ministry/2012-08-15-09-45-26/item/98425-98425>

The Work Bank: <http://www.worldbank.org/>

Bank of Thailand: <https://www.bot.or.th/Thai/PressandSpeeches/Press/News2559/n1459t.pdf>

Major Changes and Key Development during the Past Three (3) Years

Services range from IT strategy consulting and design, system integration and professional services for both private-and public-sector clients. MFEC Public Company Limited (MFEC) was established in 1997, starting as a joint venture between Modernform Integration Services Company Limited and a group of executives with extensive expertise and long experience in the field of IT and computer. Modernform Integration Services was Modernform Group Public Company Limited's associate firm. In the first year of its business operation, MFEC faced the Asian financial crisis, so-called Tom Yum Goong Crisis in Thailand, spreading its colossal impacts on the company's profitability and business operations. However, six (6) years after the establishment, MFEC, led by its Chief Executive Officer and President Mr. Siriwat Vongjarukorn, was listed in the Stock Exchange of Thailand. The company was classified as a stock pick for dividend payment for 10 years, paying an average dividend at 7.81%, the highest in the communication sector.

MFEC set its policy steering toward growing together with its clients and emphasizing on build-up of value added to itself and its stakeholders. There have been major changes in the past

three (3) years. In 2014, Modernform Group Public Company Limited (MODERN) decided to sell 61,983,675 shares of MFEC, or 14.07% of MFEC's paid-up capital, to TIS Inc. of Japan at 10.70 baht apiece for 663,225,322.50 baht in total. The transaction was made on 14 May 2014. Following the transaction, MODERN's holding in MFEC declined from 16.48% to 2.41%. Presently, foreign investors own 18% of MFEC's paid-up capital, while Thai nationality holds 82%. TIS Inc. of Japan is the major shareholder with a 18% stake in MFEC.

Throughout 2015 and 2016, MFEC improved and restructure its businesses to match customers' need, market demand and technology trend. In 2016, the company adopted an organizational restructuring and formulated new business management strategies to cope with economic slowdowns in the country and abroad, and IT transformation which rapidly spurred behavioral changes. For example, the business transformation was centered in utilization of technology to upgrade and develop businesses that altered with MFEC's capabilities and expertise to attain solutions and competitive advantages for its clients in other industries confronting economic challenges and changes. Its new business model was additionally developed, while joining investment with its allies in other industries including publishing media, television and entertainment.

Furthermore, another core organizational reform was "PLAYTORIUM" with the task to renew the office environment. "PLAYTORIUM" was the product development center and second branch mirroring MFEC organizational image full with creative idea. Simultaneously, four elements of the concept "New Office - New Culture" were upgraded. These elements were: 1. Collaboration; 2. Communication; 3. Concentration; and 4. Chill Out. MFEC's new office was situated on the 11th Floor of SJ Infinite1 Building. In regard to the office renovation, the Company conducted

the Employee Opinion Survey, randomly questioning 172 male and female employees at the headquarter and the first branch in Sales, PS&PD, IT Infra., Technology Business Consult, and Back Office. The survey questionnaire comprised of four parts.

1. The survey questionnaire was designed to survey opinions of employees in Sales, PS&PD, IT Infra., and Technology Business Consult on the work environment only.
2. The employees' need was required for an appropriate policy.
3. The employees were provided opportunities to participate in building up the satisfactory work environment.
4. The employees' suggestions would be taken into consideration for establishment of a proper work policy.

Based on a preliminary disclosure of information, MFEC's key changes concentrated on opportunities provided and internal/external reinvestment. The Company would promote integrated joint investment through financial assistance, IT and IT experts. For instance, its joint investment with Panjalak Pasook was an entertainment startup committing to create the largest tourism innovation in Thailand. It was for the new highlight destination in the middle of Pattaya, Chon Buri province. Another joint investment between MFEC and LOVEiS was investing in an application "Fanster Application" that forged closer relationship between artists and their fans through technology for new generations. Thus, the Company expanded its businesses to help strengthen its position as the IT leader and enlarged investment in intellectual properties consistently.

2016

- Awarded “The Best Mobile Banking Project” from The Asian Banker at The Westin Grande Sukhumvit, Bangkok on 14 July 2016.
- Awarded “FY15 Service Provider Partner of the Year” in Thailand & Indochina Partner Conference 2016, Phuket from Cisco at Pullman Hotel, Phuket during 23-25 March 2016.
- Awarded “EUC Partner of the Year 2015” in VMware Partner Kick Off 2016 from VMware at The Westin Grande Sukhumvit, Bangkok on 22 March 2016.
- Mr. Siriwat Vongjarukorn, Executive Chairman at MFEC Public Company Limited, won “14th Outstanding Chula Engineer” for the year 2015 from of Chulalongkorn University’s Engineering Alumni Association at Plaza Athenee Bangkok, A Royal Meridien Hotel on 20 January 2016.
- Received “Good” for the assessment result in corporate governance of the Thai listed companies in 2016 by Institute of the Thai Directors (IOD)
- Received “Very Good” for the assessment result in the organization of the Annual General Meeting of the Shareholders (AGM) in 2016.



2015





- “ESG 100 Certificate”, awarded by Thaipat Institute on May 21st, 2015 at Product Development Center, MFEC Public Company Limited, Lao Peng Nguan 1 Building, Vibhavadi Rangsit Road
- “Premium Reseller of The Year” of Channel Partner Kick-off 2015, awarded by Lenovo on June 26th, 2015 at Holiday Inn Pattaya Hotel
- Received “Good” for the assessment result in corporate governance of the Thai listed companies in 2015 by Institute of the Thai Directors (IOD)
- Scored “4” for Good Corporate Governance, “4” for the quality of Annual General Meeting (AGM), and “3A” for Anti-Corruption in the Annual Assessment 2015

2014

- Change of the first major shareholder from Modernform Group Public Company Limited to TIS INC. of Japan which held 77,983,675 shares or 17.7% of MFEC’s paid-up and registered capital as of December 30th, 2014.
- “Business Intelligence Partner of the Year 2014” award in the event “Microsoft Partner Awards 2014” at Conrad Bangkok Hotel on September 18th, 2014.
- “Solution Provider of the Year 2014” and “Partner Delivery Consultant of the Year 2014” awards in the event “VMware Partner Exchange 2014 on Tour” at Grand Hyatt Erawan Bangkok Hotel
- “Thailand Partner of the Year” and “Thailand SE of the Year” award in the event “Bluecoat Solution Day and Thank You Party”
- Granted “FY13 Collaboration Partner of the Year” in the event “Cisco Thailand Partner Conference 2014” during May 15th-17th, 2014 in Vientiane, Laos
- “Cisco Channel Customer Satisfaction Excellence” award as the outstanding partner in services and customer satisfaction from Cisco
- “Good” ranking from the assessment of Corporate Governance of the Listed Companies in 2014 conducted by Thai Institute of Directors (IOD)
- “Excellent” ranking for the quality of Annual General Meeting (AGM) assessed by Thai Investors Association

Revenue Model

Revenue Structure of MFEC and its subsidiaries in 2013-2015 as of December 31, 2015 can be categorized in types of products and services as shown below.

 Total 2015 3,372 Million baht — Percent 100.00	 Products and Services	2016		2015		2014	
		Million baht	Percent	Million baht	Percent	Million baht	Percent
	Consulting and Business Development ¹	580	17.20	470	13.90	561	10.84
	System Integration and Development	1,742	51.66	1,954	57.78	3,779	73.02
	Maintenance Service	899	26.66	909	26.88	792	15.30
	Sales and Services	3,221	95.52	3,333	98.56	5,132	99.16
	Other Revenue ²	151	4.48	49	1.44	44	0.84
	Total	3,372	100	3,382	100.00	5,176	100

Remark :

/1 Income from Consulting and Business Development consisted of service fees charged to customers, excluding sale of hardware or software related to projects. This sale was included in income from System Integration and Development.

/2 Other income consisted of that from product distributors' marketing promotion, interest receivables, gains from asset sales, foreign exchange gains and other miscellaneous income.

Of total income, 51.66% came from System Integration and Development, 22.66% from Maintenance, 17.20% from Consulting and Business Development. The figures followed Notes to Financial Statements, No. 30 "Financial Information by Operations."

Development of Products or Services

In 2016, MFEC Group paid attention on business transformation, a shift in some dimensions that affected business operations to cope with changes in market conditions and information technology and customer demand.

MFEC Public Company Limited has restructured its management and business operations through transformation. It does not compete with others in technology, but new business models and creation of market demand. Another issue is creation of people and success for MFEC people through joint investment with its employees for startups, while pushing for creativity that enhance capabilities for customers' businesses and cope with demand of the overall industry and technological changes.

In 2016, MFEC set a policy for each business unit to develop integrated information technology. Under its six (6) main business units, services were designed to be in line with and satisfy customers' specific demand, helping them to build up competitive advantages. Working closely with customers, their operations were studied together with their business strategies, demand for work, and existing equipment or computer system and network. Analyses



in **2016**

MFEC Group paid attention on **Business Transformation**



restructured its management and business operations through **transformation. new Business Model** and creation of market demand.

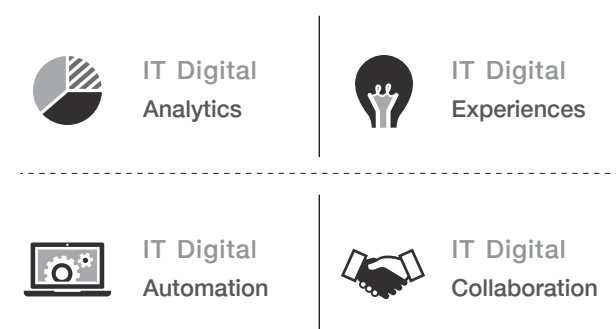
were conducted for presentation, reporting and recommendations with detailed procedures or work plans. Then, system development followed to attain customers' objectives.

The six (6) main business units are elaborated below.

1. Digital Enterprise Solutions

Presently, the IT world has been highly influenced by technological changes. Therefore, organizations need to adjust their business models and processes to be more digital. Those which keep pace with rapid changes must have advanced, efficient tools or solutions, and development teams with knowledge and experience to enhance organizational capabilities to compete with and overtake rivals in technology.

The Digital Enterprise Solutions Team applied business concepts and groups digital business development solutions for long-term partnership into four (4) categories.



Given the Business Service Management Team's experience in solutions development and services for organizational management in IT, MFEC is confident that this business unit would help customers achieve long-term IT management and keep pace with swift digital changes.

2. Application

The "Application" business unit is a part of solutions development for customers, employing technologies developed by partners or MFEC. Among two (2) parts of the business strategy, the first involves participation in customer support for businesses where competition is higher. This is not only trading, but alliance with customers. The best and most appropriate solutions and business model will be offered to customers. The second part regards search and development of quality people in servicing customers. Good people will attract customers to use our services. In addition, cooperation with business partners will be made to help develop works for customers.

The Application Business Unit operates in two (2) core directions of management. The first direction is to follow groups of customers. Customers are classified into three (3) groups: financial

and banking businesses; telecom business; and customers with need for reform of business models and MFEC to join as an advisor or investment such as LOVEiS and SiamSport. The second direction is to follow technologies such as Java, .Net. All aim to smooth customers' operations and enrich knowledge for MFEC employees. Solutions are grouped into two (2) platforms.

- **Mobile Platform Solution.** Examples extend from financial transactions services of banks, movie showtimes, movie ticket reservation, airline schedules, delivery of information, traffic check, PolarSign Digital Signature) and applications that require mobile phones' capability such as Location- Based Service.

- **Web Application.** The development aims for e-Commerce, Intranet and Internet systems for Business to Business (B2B) and Business to Customer (B2C), and application development on Cloud.

3. Cloud Services

MFEC Cloud Services emphasizes on integrated services on Cloud. Given MFEC as the leading system integrator with a number of its leading partners. Therefore, to have the best solution for customers, MFEC brought its long experience to create solutions from Cloud services for customers' optimal benefits. The Cloud Services Business Unit will assume itself as customers for their demand for services such as worthwhile investment, reasonable budget, and good and proper results. In the meantime, customers' demand must be satisfied, while a larger-than-needed amount of purchase could be reduced. Usage alternatives are added with actual payment on actual services used by customers. Limitation for resource usage is eliminated for customers when they need to expand usage and go to market more rapidly.

The Cloud Services consists of two (2) main groups. The first group contains senior specialists with knowledge, expertise and deep experience servicing in designs and advice in Cloud solutions. The second group has staff with knowledge and capabilities for solution operation and service management consistently performing tasks and perfectly keeping pace with specialists in solutions for customers.

The Cloud Services take the business model focusing on advice, design and customer supports for each solution offered to customers. The second part will come from bringing each element in Cloud to integrate them for a Cloud solution in replacement of the existing operations in the data center.

4. Digital Information Services

Currently, the world of technology has undergone swift changes with Big Data, IoT, and structured and unstructured data from a number of channels. Such digital information plays more roles in organizational management and development.

The Digital Information Services Team applies its business concept and groups solutions for digital business development in parallel with its partners and suppliers for stability and sustainability. The solutions are grouped into four (4) categories.

1. Database Solution Services
2. BigData Solution Services
3. Analytic and Business Intelligent
4. Application Infrastructure Services

“Your information can be managed for efficiency and value.” MFEC Digital Information Services has experience and specialization, being ready, with confidence, to provide integrated information services spanning from design, planning, gathering, analysis, reporting, training to consulting at the policy level to ensure the actual benefits from information.

5. Cyber Security Services

The Cyber Security Services Business Unit concentrates on creation of innovation to satisfy demand for security in cyber where bullying and threats always happen. We operates the cyber security business for more than 15 years with quality teams, professional services and quality products to protect customers from cyber threats

This business unit's customers are classified into four (4) groups: 1. Communications & Telecommunications; 2. Banks & Financial Institutions; 3. Large-Sized Private Enterprises; and 4. State Agencies & State Enterprises. Each customer group has different need in cyber security. We have teams with expertise specifically for each customer group. Therefore, customers are confident to receive services that solve all problems found and can be used to extend their businesses with our solutions and services.

The Cyber Security Services Business Unit provides solutions into the following categories.

1. Network Security
2. Application Security
3. Content Security
4. Security Consulting Services
5. Managed Security Services

6. Digital Transformation

This unit creates new businesses, through Digital Transformation, for customers who need new sources of income or have been affected from technological changes. Thus, they have been forced to adopt Business Transformation with technology such as Payment, Social, Mobile and Big Data.

Businesses target their operations, focusing on new sources of income through business models-co-investment and revenue sharing, and changing the attitude toward customers to business partners. The move can establish a connectivity for cross-business services more conveniently. Initially, the business unit has two (2) platforms.

- Panda Pass - Digital Ticket Platform
- Follow Wee - Social Platform

In 2017, both Panda Pass and Follow Wee have been requested by customers - Panjaluck Pasuk Compan Limited and Digital Ventures Company Limited - for services.

The business unit is committed to promote and support its employees to create new products to markets, having a incubation process to make such ideas to become real in the business world. The process starts from initiating an idea, building a prototype, testing the market, producing products to setting up a firm. All of this will encourage the employees who want to turn to entrepreneurs and push for products to a business success. The expected customers will be those wanting new sources of income, being affected by technological changes and being forced to adopt the business transformation with technology such as Payment, Social, Mobile and Big Data.

Similarly to MFEC, companies under the MFEC Group have adopted business transformation that accords with the direction of the IT industry, technological changes and customers' demand. For example, Business Applications Company Limited (BAC) has shifted its product strategy, moving toward a service company. Earlier, BAC focused on BI Software. Soft Square 1999 Company Limited (SSG) pays attention on Cloud business for development of accounting systems for management, office or SME accounting system, while going ahead with developing new products, services and business models. Motif Technology (Motif) continues its services for software development to accommodate demand for technology in the insurance business.

Remark : For additional information regarding the six (6) main business units' products and services, please see the annual report, Form 56-1, "Products & Services" at http://www.mfec.co.th/ir_index.php.

Marketing Policy

The Company's main business involved total solutions for customers who demanded end-to-end IT infrastructure, starting from integration of network, server and software to maintenance services. As the information technology shifted to Cloud base at the present and cost management of customers changed more from CAPEX to OPEX, their IT investment also moved from on-premise total solutions to pay as you go on a monthly basis or an annual basis as a means to mitigate risks. Given the said factors, the Company adjusted its sales of products and services, being a representative for Cloud and servicing Cloud Management for its customers, instead of sales and system integration only.

Presently, the Company positioned itself as an IT firm with a full coverage in all IT aspects for all industries. The business restructuring was done, while new business models were established. MFEC joined forces with its industrial allies and boosted its capabilities to keep pace with the industry trend. In addition, in an attempt to muster its strength in Customer Centric, the Company attentively produced human resources and new-generation leaders and encouraged creativity that meets market trends, customers' demand and expectations for one-stop service. The Company, in 2016, enlarged its marketing through six (6) main pillars of solutions.

These six pillars of solutions connected technology leadership with the current situations. Despite of economic and political challenges to the IT industry, the Company was committed to develop human resources to gain specific knowledge and expertise, following the Industry Linkage Policy. Such specific knowledge and expertise extended from communications and telecommunications, finance and banking, public sector, state-enterprise sector and energy group. With these, customers acknowledged the Company's changes and capabilities differentiated from rivals.

Nature of Customers and Targeted Groups

In 2016, MFEC set a policy to expand its customer groups, in broader and deeper aspects, to cover businesses starting from communications and telecommunications group, financial institution group, public sector and education group, manufacturing sector, state enterprise and utility group, and medical services group. While the Company retained its existing customers through technology that satisfied customers' present lifestyles, it had new customers who highly demanded IT services. These customers included newspaper, TV and printing media.



set a policy to
expand its customer groups,
in broader and deeper aspects

Besides, the Company laid out its strategy to widen its customer base through segmentation and targeted marketing. It built up business allies, not technology ones, by collaborating with organization's or universities. The existing capacities were utilized and technology was included to solve problems for specific customers. For example, MFEC teamed up with Chulalongkorn University to establish the Data Science Café which developed necessary knowledge bases for the education, economy, politics and society. The other one was an application development of artists and singers who encouraged their fans to use the service with more interactions. This was new to Thai industries that gained capabilities and recorded higher profitability.

Distribution Channels

The Company established six (6) teams of sales by targeted group.



**Communications and
Telecommunications**



Public Sector and Education



State Enterprise and Utility



Financial Institution



Manufacturing



Medication Services

Direct contacts and negotiations were mostly employed for customers, most of which were large-sized enterprises. In 2016, the large-sized enterprises accounted for 54% of total sales and services. Approximately 96% of these were from the private sector and the remaining 4% from the public sector. The Company attended and proposed services to customers, while increasing service capability in response to customers' need. As high as 94% of total income were from its existing customers due to good customer relationship strategy "Customers as the Partners." With long experience, great expertise, and thorough understanding of customers' business nature via solution designs for customers' satisfaction and competitiveness, the Company continued to gain customers' trust with its higher project value

Foreign Affairs

MFEC, in 2016, continued its plans, searching for new markets in the country and overseas, and expanding into ASEAN. As the Company's major shareholder was Japanese nationality, its Japanese markets in Thailand and Japan broadened from 2015 to 2016.

Furthermore, MFEC continued to seek new market opportunities, particularly in the ASEAN emerging markets, acquisitions, joint investment with domestic and foreign allies in the form of the Alliance Model or the Partnership Model, as a means to promote its marketing, and product and service development plans. In regard to foreign allies, the Company emphasized on new businesses ranging from healthcare, analytics, transportation management and mobility in order to cope with market opportunities in the nation and region.

Direct contacts and negotiations were mostly employed for customers, most of which were large-sized enterprises. In 2016,

percent (of total sales and services)



54



96

The public sector

percent



4

Total income were from its existing customers

percent



94



Risk Factors

MFEC Public Company Limited is fully aware of risk management amid changes that affected the information and communication technology (ICT) business. Its competition is extremely high in terms of costs, services and customer expectations. MFEC Group is committed to grow itself with sustainability, capturing the leading position in the ICT sector. The Risk Management Committee, thus, set up the Risk Management Team to draw up connectivity of all-level risks and formulate a certain risk management system in the corporation for effectiveness at all sides. Previously, only operational risks were attacked. Besides, the monitoring system was established for operations, assessing key risks that may affect business operations in a certain period. High-level executives performed supervision and oversight for management of risks as to ensure that any risks, at a certain situation, could be prevented and mitigated to an acceptable level. The Company assesses and categorizes risks into the following groups.

1. Strategic Risks

1.1 Risks to Business Growth

The Company set the new vision “Become the country’s leader in terms of development of products and services that can be competed with other countries at the regional and global levels. Its net profit is targeted to grow steadily at approximately 15%.” However, given the economic slowdowns, technological changes and competition in the ICT industry, the following technological trends are forecast during 2017-2020 by the Information Data Center.

- More than 50% of Thailand’s organizations will begin the digital transformation process, a key to drive their IT investment. The third generation of technology platform will be used to develop consumers’ experience and enhance work efficiency.
- Cloud could become fundamental for IT investment, accounting for at least one-fourth of total expenditures in IT.
- Organizations’ spending through Cloud service, hardware and software for Cloud services and services through Cloud will become basic technology for IT leaders and businesses.

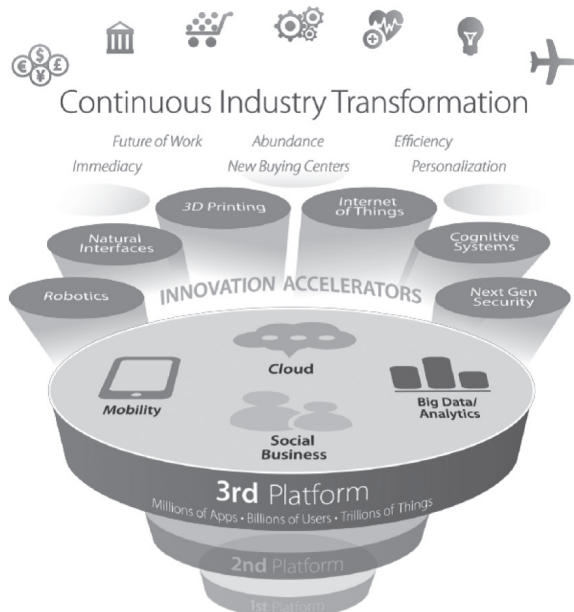
Thus, in order to mitigate risks to business growth, the Company adjusted the following key strategies to help it attain its objectives and targets.



Risk Factors

- Strategic Risks
- Operational Risks
- Financial Risks

- Response to the technological changes in Digital Transformation. The third generation of technology platform consists of Cloud, Mobility, Big data/Analytics and Social Business, emphasizing digital expertise. Relation between work practices and products or services from the database has been focused, while a combination of technologies has been deployed as a tool for decision-making and work efficiency enhancement.



- Organizational restructuring. Human resources' skill sets will be developed to keep pace with technology and market demand for efficient administration.
- Retention of existing customers in the System Integration & Maintenance, increase of recurring income and project management for delivery of quality works, punctuality and competitive costs. Collaboration has been made with universities extending from Suranaree University of Technology, Mae Fah Luang University, Rangsit University, Rajaphat Maha Sarakham University, Walailak University, Sripatum University, King Mongkut's Institute of Technology Ladkrabang and Chulalongkorn University. Simultaneously, a number of new undergraduates have been trained as to stand ready to work with the Company. Such policy implementation assisted the Company with lower labor costs.

1.2 Risks to Investment Efficiency

MFEC has an expansion plan which aims to extend its businesses consistently and strengthen its group. It unavoidably

confronts risks to investment efficiency. Its return on investment may not reach a target, while a project may confront a delay in implementation. Such risks may come from a number of factors including uncertainties over the global economy and domestic economic situations, investment promotional policy, tax laws and regulations and others relevant to investment or investment in startups. The Company has a policy to encourage its talented employees with creativity and work/management capabilities to register a new subsidiary.

To mitigate risks to investment efficiency, rules and regulations for investment have been introduced. The Executive Committee screens investment and proposes the Risk management Committee new investment projects for preliminary consideration in strategies, execution capability, financial returns and project risks before forwarding them to the Board of Directors for consideration and approval on investment plans and budget. The management is required to monitor investment projects and their execution and report the Board their results for acknowledgement and recommendations on problems that may arise from any impact factors.

2. Operational Risks

2.1 Risks to Project Management

The Company has a policy focusing to sell products and services to maximize customers' satisfaction, while delivering products and services with quality and punctuality. In order to prevent problems that may arise from a delay in delivery of each project, the Company set a course that trained project managers. All project managers are required to pass the course as to ensure their capability in managing projects in accordance with the work standard required by the Company. In addition, the Risk Management Committee agreed on standards formulation for each project's planning, assessment and inspection. A project manager and the sale team discuss on planning each project, while using a standardized form for project assessment. All units supervise project implementation starting from the first date of receiving a customer's purchase order, procurement of high-quality products that meet product specifications for each project, on-time delivery of products and integration services as required in a contract or a purchase order. Besides, the Company has developed software for in-house that assisted project management, creating a work system and work standard. Thus, coordination and project control have been made for quality projects to customers with punctuality.

2.2 Risks to Human Resource Management

The Company emphasizes on human resources development consistently to cope with competition and technological changes. All employees' skill set has been developed, while the individual development plan (IDP) has been employed to develop human resources on an individual basis. Then, business transformation has been driven and internal process performance has been improved with higher work efficiency.

The Company has a policy to join force with universities nationwide, jointly establishing curricula to strengthen the technology knowledge base that satisfies the labour market demand. Qualified persons with skills, knowledge and capabilities have been selected to join the Company as a means to mitigate risks to human resource management.

3. Financial Risks

Provided impacts from the global and local financial crises that adversely affected the Thai economy last year, the Company set a policy to prevent such impacts. Such policy extended from prudent project budget management, proper debt to equity for operations, efficient project cash cycle management for sufficient liquidity that could cope with economic fluctuations.

3.1 Foreign Exchange Risks

The Company takes foreign exchange risks as most of its products are purchased from producers in the US dollar term and most of its income from sales of products and services come in Thai baht. Consequently, the Company is responsible to pay for products in foreign currencies. In 2016, the baht depreciated against the US dollar. Earlier, the Company mitigated such risk through purchases of forward contracts that covered the whole payment in foreign currencies.

3.2 Risks from Credit relevant to Debtors

The Company has a prudent policy to extend credit, considering appropriateness for credit extension. Its customers are categorized into two (2) groups. The first group is the existing customers who have financial stability. Most of them are large ones. The credit term is set for 30-60 days. The second group is new customers who are required to pay in cash or open letters of credit via banks. Payment is conditioned for installment according to progress of work finished. The credit extension is based on analysis of financial statements and other information of each customer.

In addition, the Company has a policy to set aside a portion of its fund as a provision for net trade receivables. The Company and its subsidiaries recorded a loan loss provision estimated from losses that may arise from inability to collect debts. Generally, this is based on collection experience and analysis of debtors' period.



Shareholding Structure

Shareholding Structure

- **MFEC Securities**

- Registered Capital : 441,453,555 Baht or 441,453,555 ordinary shares at a par value of 1 Baht per share.
- Paid-up Capital : 441,453,555 Baht or 441,453,555 ordinary shares at a par value of 1 Baht per share.

The Company had none of other types of shares, including preferred shares or programs to issue and offer convertible shares or securities for Thai Trust Fund, with special rights or conditions, which were different from those of the ordinary shares. The Company also had no issues of warrants for receiving returns from underlying assets that are backed by the Company's shares.

- **Shareholders**

List of Shareholders and their Stakes, as of December 30th, 2016

Major Shareholder	Number of Shares	% of Total Shares
1. TIS Inc. ¹	77,983,675	17.7
2. Mr. Ramade Silpaprom Group ²	32,831,907	7.4
3. Mr. Thanapol Kongboonma Group ³	15,024,400	3.4
4. Mr. Sirisak Tirawattanangkul	12,926,013	2.9
5. Mr. Prasert Foongwanit	10,966,013	2.5
6. Thai NVDR Company Limited	9,912,815	2.3
7. MITSUBISHI UFJ MORGAN STANLEY SECURITIES Company Limited	9,768,800	2.2
8. Modernform Group Public Company Limited	9,000,000	2.0
9. Mr. Siriwat Vongjarukorn	8,415,259	1.9
10. Mrs. Nuddee Nupirod	6,231,664	1.4
11. Group of Minority Shareholders	248,393,009	56.3
Total	441,453,555	100.0

Remark: 1. All relevant shareholders are counted according to Article 258. TIS Inc. is the only interested shareholder of MFEC Public Company Limited.
2. On May 14th, 2014 TIS Inc. (Japan) purchased shares from Modernform Group Public Company Limited worth 14.04% of total holdings. This altered the top shareholder of the Company from Modernform group to TIS Inc.

¹TIS Inc. provides professional services, and development and integration services for computer systems and information technology networks. On 1 July 2016, IT Holdings Corporation (ITHD), earlier parent company of TIS, had a merger and internal restructuring. Then, it was renamed to TIS Inc. for more business competitiveness and higher corporate governance.

Please find additional information at http://www.tis.com/documents/en/ir/finance/annual_report/ar2016.pdf. After the merger, the following listed the Board of Directors and executives.

1) Norio Maenishi	Chairman
2) Toru Kuwano	President
3) Mitsushi Nishida	Representative Director
4) Josaku Yanai	Director and Managing Executive Officer
5) Katsuki Kanaoka	Director
6) Shigeki Kusaka	Director
7) Yoshiyuki Suzuki	Director
8) Shingo Oda	External Director
9) Yoshinobu Ishigaki	External Director
10) Koichi Sano	External Director
11) Takuho Shimodaira	Standing Audit & Supervisory Board Member
12) Katsuhiko Ishii	Standing Audit & Supervisory Board Member
13) Taigi Ito	External Audit & Supervisory Board Member
14) Muneaki Ueda	External Audit & Supervisory Board Member
15) Sadahei Funakoshi	External Audit & Supervisory Board Member
16) Masayuki Inaba	Executive Vice President
17) Masahiko Adachi	Senior Managing Executive Officer
18) Yasushi Okamoto	Senior Managing Executive Officer
19) Jun Ikimune	Managing Executive Officer
20) Yuji Sato	Managing Executive Officer
21) Makoto Tsujimoto	Managing Executive Officer
22) Masahiro Hosokawa	Managing Executive Officer
23) Hidehiko Matsuo	Managing Executive Officer
24) Takashi Mori	Managing Executive Officer
25) Yuichi Aida	Managing Executive Officer
26) Tatsufumi Matsuoka	Managing Executive Officer
27) Saburo Kato	Managing Executive Officer
28) Akio Kita	Executive Officer
29) Fumiyasu Mase	Executive Officer
30) Shinkou Ohba	Executive Officer
31) Hiroyuki Kodake	Executive Officer
32) Hiroshi Ohya	Executive Officer
33) Shinichi Horiguchi	Executive Officer
34) Kiyotaka Nakamura	Executive Officer
35) Takeshi Matsuda	Executive Officer
36) Naoto Kita	Executive Officer
37) Tsuyoshi Fukuda	Executive Officer
38) Hitoshi Narusaka	Executive Officer
39) Teruaki Akutsu	Executive Officer
40) Toru Kurokawa	Executive Officer

*Management Executive No. 34, Mr. Kiyotaka Nakamura, was appointed in the Annual General Meeting of the Shareholders No. 1/2016 Dated 25 April 2016.

As of March 31st, 2016, IT Holdings Corporation's major shareholders are listed below:

- 1) ICHIGO Trust
5,161,000 Shares or 5.9%
- 2) Japan Trustee Services Bank, Limited (Trust Account)
5,099,000 Shares or 5.8%
- 3) The Master Trust Bank of Japan, Ltd. (Trust Account)
4,259,000 Shares or 4.9%
- 4) Japan Trustee Services Bank, Ltd. (Trust Account)
2,420,000 Shares or 2.8%
- 5) Employees' Shareholding Association of IT Holdings
2,327,000 Shares or 2.7%
- 6) Nippon Life Insurance Company
2,073,000 Shares or 2.4%
- 7) The Bank of Tokyo-Mitsubishi UFJ, Ltd.
1,654,000 Shares or 1.9%
- 8) The Master Trust Bank of Japan, Ltd.
1,598,000 Shares or 1.8%
- (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)
- 9) CHASE MANHATAN ANK GTS CLIENTS ACCOUNT EXCROW
1,473,000 Shares or 1.7%
- 10) OBAYASHI CORPORATION
1,161,000 Shares or 1.3%
- 11) JCB Co., Ltd.
1,161,000 Shares or 1.3%

²Silpaprom Group:

- | | | |
|-------------------|-----------|-------------------|
| 1) Mr. Ramade | Silpaprom | 31,676,577 Shares |
| 2) Mr. Tappanon | Silpaprom | 1,117,330 Shares |
| 3) Mrs. Yamonporn | Silpaprom | 38,000 Shares |

³Kongboonma Group:

- | | | |
|-------------------|------------|------------------|
| 1) Mr. Thanapol | Kongboonma | 3,774,300 Shares |
| 2) Mr. Marnchai | Kongboonma | 3,750,000 Shares |
| 3) Mr. Naiyapong | Kongboonma | 3,750,000 Shares |
| 4) Mr. Roonnachai | Kongboonma | 3,750,000 Shares |
| 5) Mr. Jedsada | Kongboonma | 100 Shares |

Condition for foreign holding

Foreign shareholders are allowed to hold no more than 49 percent combined of issued and paid-up shares. As of December 31st, 2016, the Company's foreign holdings accounted for 19.5% of issued and paid-up shares.



Dividend Payment Policy

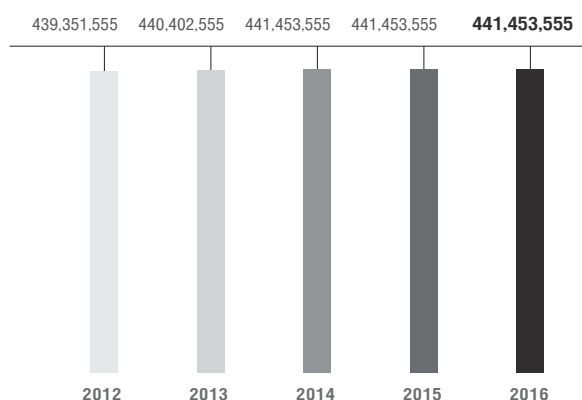
MFEC Public Company Limited's Dividend Payment Policy

The company has a policy to make dividend payment at no less than 50% of net profit after tax and retained earnings. Its Board of Directors is authorized to declare no dividend payment or alter the policy occasionally to maximize the shareholders' benefits. For example, the company set aside earnings for debt repayment, investment for business expansion or in a case of market condition changes that may hurt its future cash flow.

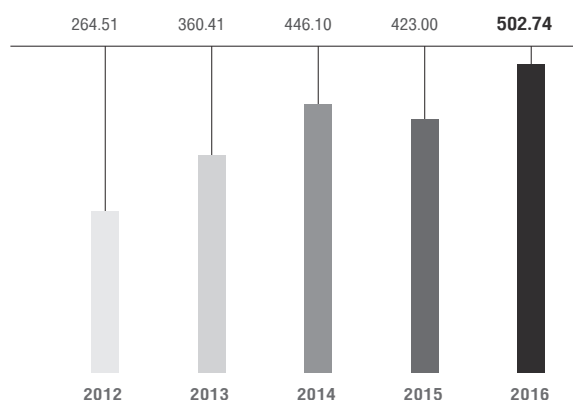
In 2016, the Board of Directors resolved to approve the Company's dividend payment at a rate of 0.35 baht per share and forward the dividend payment's details to the Annual General Meeting of the Shareholders for consideration. Cash dividend to the shareholders is set aside from net profit after the corporate income tax of 20%. The 10% withholding tax will be levied on the shareholders's cash dividend.

Dividend Payment during 2012-2016

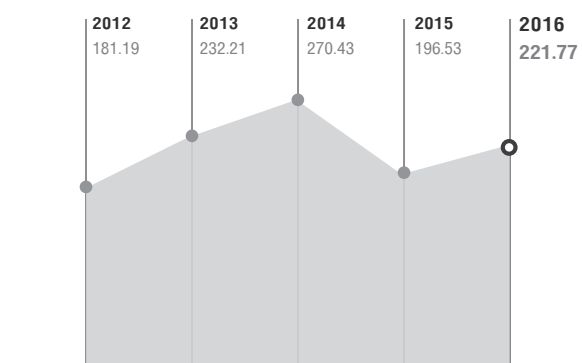
Common shares as of December 31st
(shares)



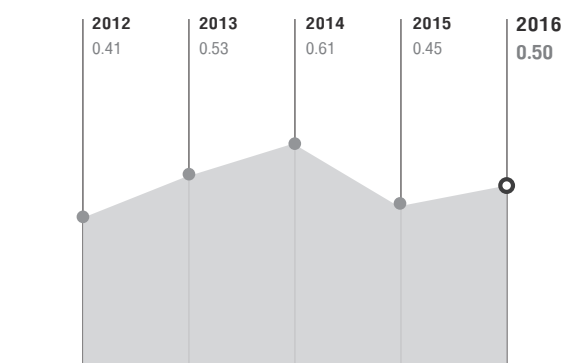
Accrued Profit as of December 31st
(million baht)



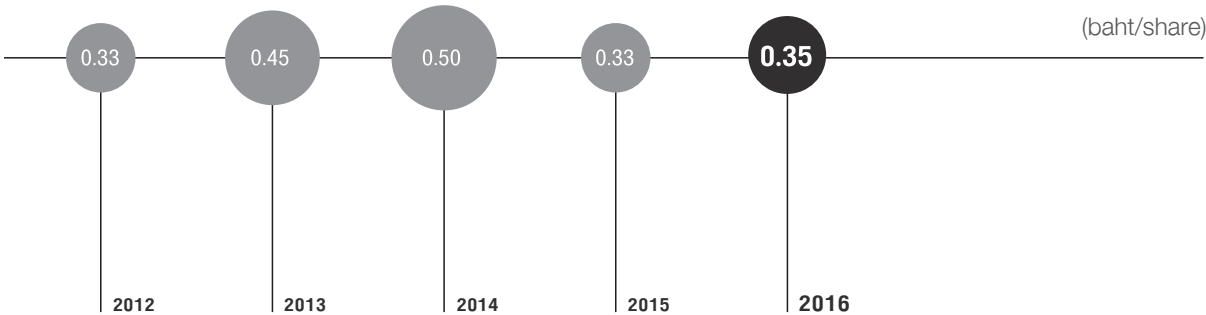
Net Profit
(million baht)



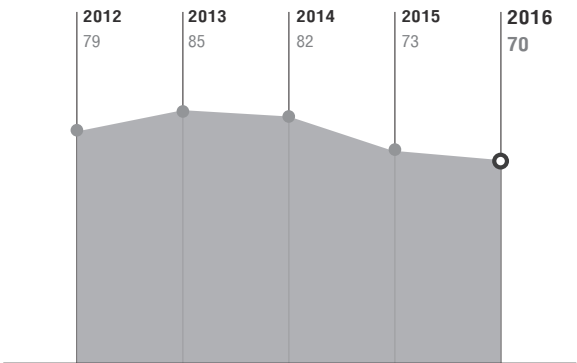
Profit per share
(baht/share)



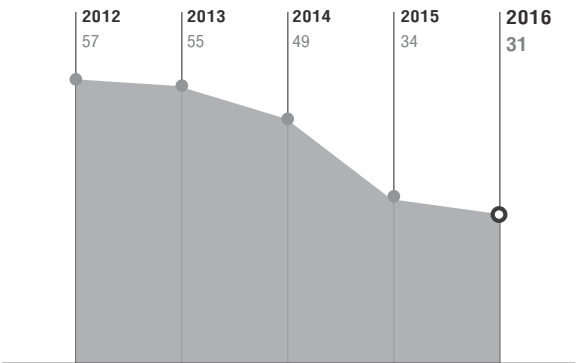
Dividend per share



Dividend payout ratio (percent)
total dividend comparing to total net income



Dividend payout ratio (percent)
total dividend comparing to accrued profit



Dividend Payment Policy of MFEC’s Subsidiaries

In the case of its subsidiaries, the Board approved the company’s subsidiaries to make the dividend payment at no less than 50% of net profit after tax and retained earnings.



Board of Directors and Executives

01

Mr. Sirisak Tirawattanangkul

Chairman of the Board

02

Mr. Kiyotaka Nakamura

Vice Chairman

03

Mr. Siriwat Vongjarukorn

Director

04

Mr. Thanakorn Charlee

Director

05

Mr. Anan Leetrakul

Independent Director

06

Mr. Suchart Thammapitagkul

Independent Director

07

Prof. Uthai Tanlamai

Independent Director

08

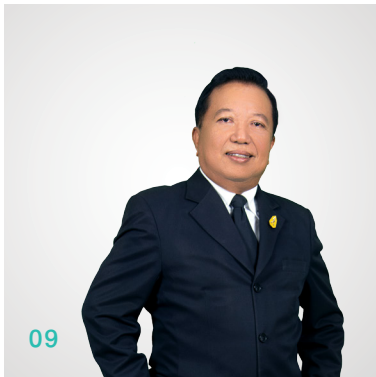
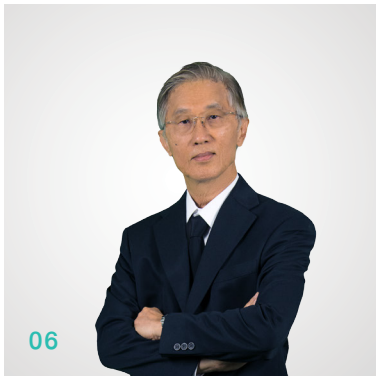
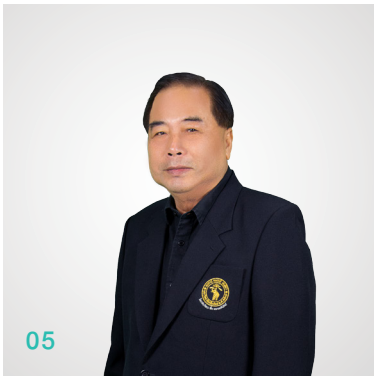
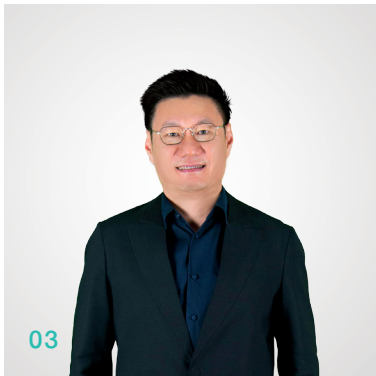
Ass.Prof. Kamales Santivejkul

Independent Director

09

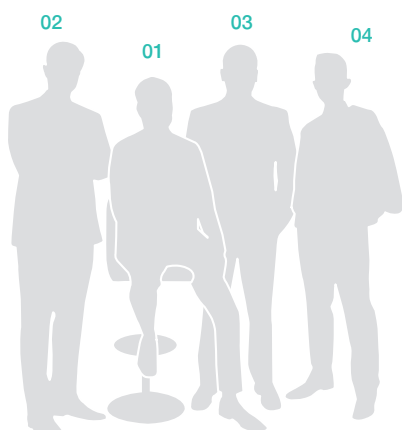
Dr. Charn Tharawas

Independent Director





Management Structure



- 01 Mr. Siriwat Vongjarukorn**
 Chief Executive Officer
- 02 Mr. Thanakorn Charlee**
 Chief Operating Officer
- 03 Mr. Arm Sivadith**
 Chief Of Staff
- 04 Mr. Jirapong Laokajorn**
 Chief Commercial Officer



05

Mr. Gowitt Dulayasopapan

Chief Operating Officer – Telco Business Unit

06

Mr. Shimmy Thomas

Chief Strategic Business Officer

07

Ms. Siriporn Detnitirat

Chief Financial Officer

08

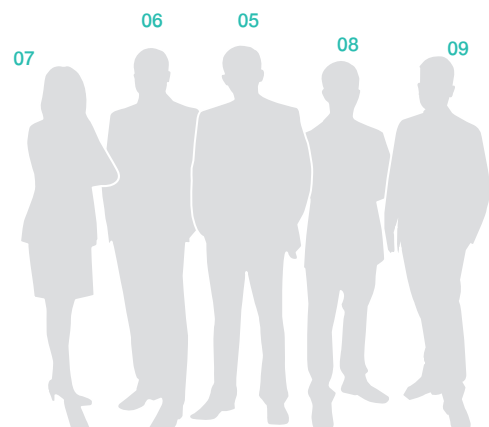
Mr. Wichai Patipaporn

Chief Technology Officer

09

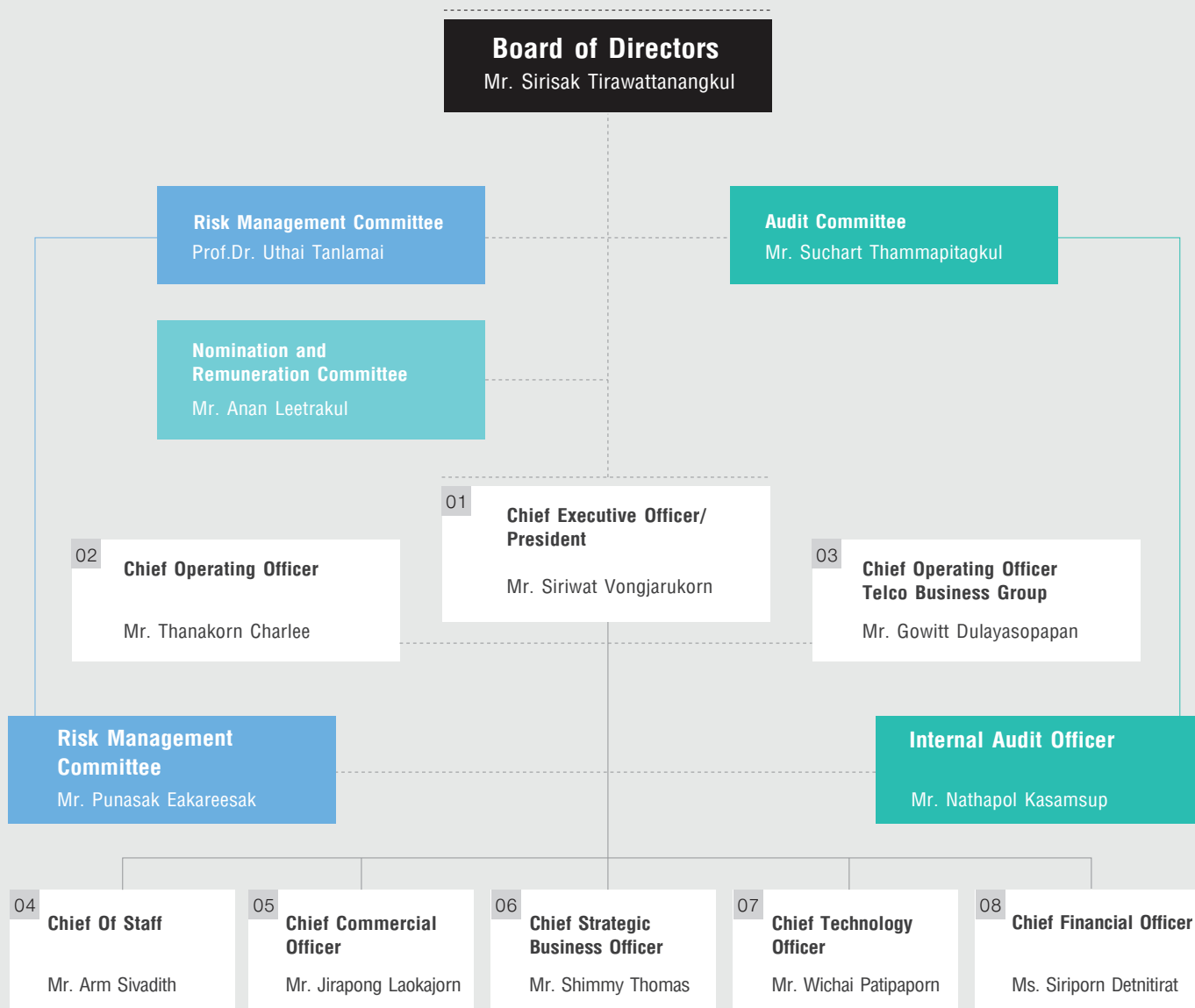
Mr. Nathapol Kasamsup

Chief Audit Executive





Organization Structure



01 - 08 are the Company's management executives according to the Securities and Exchange Commission's announcement.

Board of Directors/Committees

The Company has five (5) committees: Board of Directors; Audit Committee; Executive Board; Risk Management Committee; and Nomination and Remuneration Committee

(1) Board of Directors

According to the Articles of Association, the Board has the following elements.

- The Board shall consist of at least five (5) members, no less than half of which have domiciles in the Kingdom of Thailand.
- No less than three (3) Board members shall be Independent Directors. (Based on the good corporate governance, no less than half of the Board members shall be independent. The Board has totally nine (9) members.)

Qualifications of Independent Directors

(according to requirements of the Securities and Exchange Commission, and the Stock Exchange of Thailand)

1) An independent director shall hold no more than 1% of total shares, eligible for voting, of the Company, its subsidiaries and associate companies or juristic persons that may have conflicts. Shares owned by related persons are included.

2) The independent director shall neither be nor have been an executive director, an employee, an officer, a consultant with regular salary or a person with controlling power of the Company,

its subsidiaries and associate companies or juristic persons that may have conflicts. An exception is made for a person who has left the said-positions for no less than two (2) years.

3) The independent director shall not have blood relationship or legal registration as parents, spouses, brother or sister and daughter or son. A spouse of daughter or son of an executive, a major shareholder, a person with controlling power or a candidate for an executive position or that with controlling power of the Company or its subsidiaries.

4) The independent director shall have no business relationship with the Company, its subsidiaries and associate companies or juristic persons that may have conflicts possibly hinder independent consideration.

5) The independent director shall not be the one appointed as a representative of the Board, a major shareholder or a shareholder related to the Company's major shareholder.

6) The independent director shall not have any other characteristics that hinder independent opinions involving the Company's operations.

As of 31 December 2016, the Board of Director, according to Ministry of Commerce's certificate, consisted of nine (9) members. Of total, two members were executives and the remaining seven (7) members were non-executive. (Among all non-executive positions, five (5) were independent directors.)

Name	Position	Appointment Date by AGM
1. Mr. Sirisak Tirawattanangkul	Chairman	25 April 2016
2. Mr. Kiyotaka Nakamura	Vice Chairman	25 April 2016
3. Mr. Siriwat Vongjarukorn	Director/Chief Executive Officer	21 April 2014
4. Mr. Thanakorn Charlee	Director/Chief Operating Officer	12 May 2015, (Remark 6)
5. Mr. Suchart Thammakitagkul	Independent Director/Chairman of Audit Committee	21 April 2015
6. Mr. Anan Leetrakul	Independent Director/Chairman of Nomination and Remuneration Committee	21 April 2015
7. Prof.Dr. Uthai Tanlamai	Independent Director/Audit Committee Member/ Chairman of Risk Management Committee	15 March 2016, (Remark 3)
8. Ass.Prof.Dr. Kamales Santivejkul	Independent Director/ Audit Committee Member/ Risk Management Committee Member/ Nomination and Remuneration Committee Member	25 April 2016
9. Dr. Charn Tharawas	Independent Director/ Nomination and Remuneration Committee Member	9 August 2016, (Remark 4)

Mrs. Varaporn Wisedsang acted as Secretary to the Board of Directors.

- Remark:** The following appointment of new Board members was made for replacement of the members who resigned in 2016.
1. Mr. Adirake Patitus, Chairman of the Board, tendered resignation which took effect on 1 January 2016. The Board of Directors' Meeting No. 1/2016 dated 25 February 2016 resolved to elect Mr. Sirisak Tirawattanangkul as new Chairman in replacement.
 2. Mr. Siriwat Vongjarukorn, Vice Chairman, tendered resignation which took effect on 26 February 2016. The Board of Directors' Meeting No. 3/2016 dated 12 May 2016 resolved to elect Mr. Kiyotaka Nakamura as new Vice Chairman in replacement.
 3. Mr. Apirux Wanasathop, Independent Director/Audit Committee Member/Chairman of the Risk Management Committee, tendered resignation which took effect on 8 March 2016. The Board of Directors' Meeting No. 2/2016 dated 15 March 2016 resolved to appoint Prof.Dr. Uthai Tanlamai as Independent Director/Audit Committee Member/Chairman of the Risk Management Committee in replacement.
 4. Mr. Paitoon Sirichatchaikul, Director, tendered resignation which took effect on 30 April 2016. The Board of Directors' Meeting No. 4/2016 dated 9 August 2016 resolved to appoint Dr. Charn Tharawas as Independent Director in replacement.
 5. The Annual General Meeting of Shareholders No. 1/2016 dated 25 April 2016 resolved to appoint Ass.Prof.Dr. Kamales Santivejkul as Independent Director in replacement of Mr. Adirake Patitus who resigned on 1 January 2016. The remaining term was less than two (2) months.
 6. Mr. Teerachai Kiratitechakorn, Director, tendered resignation which took effect on 10 May 2015. The Board of Directors' Meeting No. 2/2015 dated 12 May 2015 resolved to appoint Mr. Thanakorn Chalee as Director in replacement.

Scope of Authority of the Board of Directors

• Authority

1. The Board is authorized to supervise and manage the Company to abide by the laws, objectives, regulations and the shareholders' meeting resolutions.
2. The Board is authorized to appoint a director as Chairman and another one as Vice Chairman.
3. The Board is authorized to appoint a director as Chief Executive Officer, and President and Company Secretary.

• Duties and Responsibilities

1. The Board shall have duties to follow the Articles of Association, while supervising and managing the Company to abide by the laws, objectives, regulations and the shareholders' meeting resolutions.
2. The Board shall set the Company's vision, direction, strategies, policies and key plans and consider risks that may arise for executives who will follow them with efficiency.
3. The Board shall control and monitor work implementations, based on the Company's strategies, policies, objectives, targets, work plans and approved budget.
4. The Board shall manage to have an accounting system, financial reporting and auditing, while administering to have efficient internal control and internal auditing.
5. The Board shall oversee and supervise solutions to conflicts of interest that may arise and interconnected transactions.
6. The Board shall set a direction for overall risk management with proper risk management processes.

7. The Board shall make performance assessment of Chief Executive Officer/President, and oversee and supervise proper determination of remuneration that should be in line with performance results for short- and long-term motivation.

8. The Board shall manage to gain proper communication channels for each of shareholder groups and stakeholders.

9. The Board shall manage to have information disclosure with clarity and transparency.

Authorized Directors

Two of three directors - Mr. Sirisak Tirawattanangkul, Mr. Siriwat Vongjarukorn and Mr. Thanakorn Chalee, co-sign with a corporate seal.

Appointment and Removal of the Board members

• Appointment

1. The company secretary informs the shareholders regulations that permit them to nominate qualified candidates to hold the position of directors through the Stock Exchange of Thailand's channels and the Company's website www.mfec.co.th, and propose the qualified candidates to the Board meeting and Annual General Meeting of Shareholders (AGM) for consideration.

2. There shall be no less than five (5) Board members and no less than three (3) independent directors. At least one of the Board members shall have knowledge and expertise in accounting and finance. No less than half of total Board members shall have domicile in the Kingdom of Thailand. The Board of Directors' Meeting No. 1/2016 resolved to nominate the AGM to elect Mr. Sirisak Tirawattanangkul and Mr. Kiyotaka Nakamura to resume their positions as the Board members. The Board

of Directors' Meeting No. 2/2016 resolved to appoint Prof. Dr. Uthai Tanlamai as Independent Director in replacement of Mr. Apirux Wanasathop who resigned. It also appointed Ass. Prof. Dr. Kamales Santivejkul as Independent Director in replacement of Mr. Adirake Patitus who resigned (with the remaining term of no more than two (2) months). The Board meeting agreed to have the proportion of independent directors at no less than half of total members. This issue will be forwarded to the AGM for consideration on and approval for the election/appointment of new directors.

3. The AGM shall elect a director with a majority vote of the shareholders. The Board shall select and nominate qualified persons with the following criteria.

(1) Each share of a shareholder is eligible for one vote.

(2) Shareholders' voting shall be on an individual basis.

(3) Candidates who rank in order descending from the highest number of votes received shall be elected as the Board members. The number of the Board members vacancies shall be equal to the number of vacancies determined or elected at that time. In the event of a tie, Chairman shall cast the final vote to break the tie.

As of 31 December 2016, the Board of Directors consisted of nine (9) members. (Eight (8) of which had their domiciles in the Kingdom of Thailand. Five (5), or 55.5% of total, were independent directors. Four (4) of total were those with knowledge in accounting and finance. They were Mr. Anant Leetrakul, Prof. Dr. Uthai Tanlamai, Ass. Prof. Dr. Kamales Santivejkul and Dr. Charn Tharawas.

The Board of Directors' Meeting No. 4/2016 dated 9 August 2016 resolved to establish the Nomination and Remuneration Committee. Therefore, the Board shall be appointed with the above-mentioned procedures from 2017 onward. Additionally, the Secretary shall propose the list of candidates whose qualifications are screened by the Nomination and Remuneration Committee on the preliminary basis to a Board meeting and an annual shareholder meeting accordingly.

- **Removal**

1. One-third of the Board members shall be removed in each AGM. In the case that the number of directors can not be divided into One-third of the Board members shall be removed in each AGM. portions, the number of directors closest to one-third. The directors who shall retire from the office in the first two years after the company registration shall retire will be

selected through drawing lots. In the later years, the directors who hold the longest period in the office shall retire. The directors who retire by rotation may be re-elected to hold the office for another term.

2. Apart from vacating by rotation, the director vacates his or her office when he or she dies, resigns, disqualified or possesses legal prohibited characteristics, or dismissed by a resolution of the shareholders or a court order.

3. To resign from the position, a director shall submit a resignation letter to the Company. The resignation takes effect from the date the resignation letter arrives at the Company.

4. In the case of vacancy in the Board due to reasons other than the end of the term of duty, the Board shall select a qualified person without legal prohibited characteristics in replacement as the director in the next meeting of the Board. In the case that such director's term is less than two months, such person who replaces the director will hold the position for remaining term. The resolution of the Board shall consist at least three-fourths of the votes of the remaining directors.

5. The Shareholders' Meeting may resolve to remove any director from the position before the end of the term of duty with not less than three-fourths of the votes of shareholders who attend the Meeting and is eligible for voting, which is not less than half of total shares The Board Meetings.

The Articles of Association determine the following meeting procedures.

- In the case of Chairman's resignation, Vice Chairman or a director shall perform the duty.
- No less than half of total directors constitutes a quorum.
- At least three (3) meetings shall be held per year. Hence, the Board of Directors' Meeting resolved to hold at least six (6) meetings per year according to the good corporate governance. This is to provide sufficient time for consideration, supervision and oversight in compliance with the Board's roles, duties and responsibilities.

The Company Secretary is assigned to arrange annual meeting schedules of the Board of Directors and committees and notify them for acknowledgement and the benefits of meeting attendance. The meeting document shall be delivered to all Board and committee members no less than five (5) days in advance to allow sufficient time for detail consideration in each agenda.

In 2016, the Board of Directors held seven (7) meetings with the following attendance details of each member.

List of Board Members	1/2016	2/2016	3/2016	4/2016	5/2016	Special 6/2016 (1 st round)	Special 6/2016 (2 nd round)	7/2016	Meeting Attendance (%)
1. Mr. Adirake Patitus	Resigned, effective on 1 January 2016								
2. Mr. Siriwat Vongjarukorn	/	/	/	/	/	/	/	/	100.0
3. Mr. Sirisak Tirawattanangkul	/	/	/	/	/	/	/	/	100.0
4. Mr. Thanakorn Chalee	/	/	/	/	/	/	/	/	100.0
5. Mr. Paitoon Sirichatchaikul	/	x	Resigned, effective on 30 April 2016						
6. Mr. Kiyotaka Nakamura	/	/	/	/	/	/	/	/	100.0
7. Mr. Suchart Thammapiatagkul	x	x	/	/	/	/	/	/	75.0
8. Mr. Anan Leetrakul	/	/	/	x	x	/	/	/	75.0
9. Mr. Apirux Wanasathop	x	Resigned, effective on 8 March 2016							
10. Prof.Dr. Uthai Tanlamai	Appointed, effective on 15 March 2016		/	/	/	/	/	/	100.0
11. Ass.Prof.Dr. Kamales Santivejikul	AGM appointed, effective on 26 April 2016		/	/	/	/	/	/	83.3
12. Dr.Charn Tharawas	Appointed, effective on 9 August 2016				/	/	/	/	100.0
Total Directors in Each Meeting	6/8	5/7	7/8	7/8	8 /9	9/9	9/9	9/9	

Mrs. Varaporn Wisedsang acted as Secretary to the Board of Directors.

Committees

(2) Executive Board

The Board of Directors appoints the Executive Board to perform tasks, as assigned under its authority and duties in order to attain goals and plans. The Executive Board consists of four (4) members: Chief Executive Officer; and three (3) executives. The Executive Board is required to hold at least one (1) meeting per quarter. As of 31 December 2016, the Executive Board had four (4) members who convened nine (9) times as depicted below

List of the Executive Board	No. 1/2016	No. 2/2016	No. 3/2016	No. 4/2016	No. 5/2016	No. 6/2016	No. 7/2016 (1 st round)	No. 7/2016 (2 nd round)	No. 8/2016	No. 9/2016	Meeting Attendance (%)
1. Mr. Siriwat Vongjarukorn Chief Executive Officer	/	/	/	/	/	/	/	/	/	/	100.0
2. Mr. Sirisak Tirawattanangkul Executive Director	Resigned, Effective on 16 January 2016										
3. Mr. Thanakorn Chalee Executive Director	/	/	/	x	/	/	/	/	/	/	90.0
4. Ms. Waewta Suksanae Executive Director	/	Resigned, Effective on 9 February 2016									100.0
5. Mr. Arm Sivadiith Executive	Appointed, Effective on 25 February 2016	/	/	/	/	/	/	/	/	/	100.0
6. Mr. Jirapong Laokajorn Executive	Appointed, Effective on 25 February 2016	/	x	/	/	/	/	/	x	/	77.7
Total Directors in Each Meeting	3/3	4/4	3/4	3/4	4/4	4/4	4/4	4/4	3/4	4/4	

Scope of authority of Executive Board

1. Screening

- Policy, direction, business strategies, management structure and principles of business operations to be in accordance with economic situations and competition.
- Business plans and annual budget.
- Principles and policy for investment and management of subsidiaries and associate companies in the core business or other business groups.
- All investment projects, search for new businesses and business operations with allies.
- Annual workforce plan.
- Appointment, removal, disemployment, work extension of employees or management employees at positions below Chief Executive Officer, employment or disemployment of persons whose ages reach or surpass requirements for retirement according to the Articles of Association, and consideration of compensation according to the salary structure.

2. Approval and Disapproval

- Investment project worth no more than 20 million baht and involving the Company's businesses.
- Bidding via cooperation with allies in the forms of consortiums or joint ventures.
- Opening and closing of the Company's accounts in financial institutions.
- Write-off for deteriorating assets/sales of assets unused for operations.
- Improvement and changes of the organizational structure at the departmental level and report to the Board

of Directors for acknowledgement.

- Bonus payment and the amount used for annual salary raise within a budget.

3. Monitoring and Supervision of Operations

- Strategic plans, work plans and projects in an annual business plan approved by the Board of Directors.
- Financial performance
- Supervision and oversight on practices following the corporate governance.

4. Report to the Board of Director

- Financial performance on a quarterly basis.
- Other reports as delegated by the Board of Directors.

(3) Audit Committee

The Board of Directors appoints the Audit Committee whose members are of independent characteristics to enhance efficiency in adding value to the organization, and supervising and overseeing the operations to have good corporate governance for the whole process. The Audit Committee comprises of three (3) honored independent directors, at least one (1) of which shall have knowledge in accounting and finance, and one (1) secretary. Each term lasts two (2) years. At least four (4) meeting shall be organized per year. As of 31 December 2016, the Audit Committee had three (3) directors who convened five (5) times this year. It had two meetings with the external auditor, the Accounting Department and the management. In addition, the Audit Committee had two (2) meetings with the Risk Management Committee. All were reported to the Board on a quarterly basis. Details were described below.

List of the Audit Committee	No. 1/2016, Joint Meeting, Auditor & Executives	No. 1/2016, Joint Risk Management Committee	No. 2/2016	No. 3/2016	No. 4/2016	No. 5/2016	No. 2/2016, Joint Meeting, Risk Management Committee & Auditor	Attendance (%)
1. Mr. Suchart Thammakitagkul Chairman Independent Director, knowledge in laws	/	/	/	/	/	/	/	100.0
2. Mr. Anan Leetrakul Director, Audit Committee Independent Director, knowledge in accounting and finance	/	/	/	/	Resigned, Effective on 12 May 2016			100.0
3. Mr. Apirux Wanasathop Director, Audit Committee Independent Director, knowledge in information technology	/	Resigned, Effective on 8 March 2016						100.0
4. Prof.Dr. Uthai Tanlamai Director, Audit Committee Independent Director, knowledge in accounting and finance	Appointed, Effective on 15 March 2016			/	/	/	/	100.0
5. Ass.Prof.Dr. Kamales Santivejkul Director, Audit CommitteeIndependent Director, knowledge in accounting and finance	AGM appointed, Effective on 25 April 2016				/	/	/	100.0
Total Directors in Each Meeting	3/3	2/2	2/2	3/3	3/3	3/3	3/3	

Mrs. Varaporn Wisedsang acted as Secretary to the Audit Committee.

Scope of Authority of the Audit Committee

1. To verify in order to ensure about the accuracy of the Company's financial reporting in accordance with the general accepted accounting principle and standard. Sufficient quarter and annual financial statements are disclosed to be consistent with fact, completeness, adequacy and creditability prior the presentation to the Board for review.

2. To verify in order to ensure that the Company has appropriate and effective internal control and internal audit systems, and reviews the independence of the internal audit, which directly reports to the Audit Committee as well as approval on appointment, removal, or employment termination of the internal audit executives, and assess adequacy of the Company's internal control system on an annual basis.

3. To verify the Company's operation to be in line with the law of Securities and Stock Exchange, requirement of the Stock Exchange of Thailand and other laws related to the Company's businesses.

4. To consider, select and propose the appointment of the Company's auditor who is independent to be the Company's auditor, and determine annual remuneration for the auditor, as well as attend the meeting with the Company's auditor without attendance of the management for at least once a year.

5. To streamline understanding among the auditor, the Board of Directors and the Internal Audit Department into the same direction.

6. To consider on verification and disclosure of connected transactions or transactions possibly with conflict of interest to follow related rules and regulations so as to ensure that such transactions are reasonable and provide maximum benefits to the Company.

7. To prepare the report of the Audit Committee with minimum information as required by the Stock Exchange of Thailand to be disclosed in the annual report of the Company.

8. To regularly verify and amend its charter of Audit Committee to be proper and consistent with the Securities and Exchange Act and the Stock Exchange of Thailand criteria.

9. To consider and approve the annual audit plan of Internal Audit Department.

10. To govern the Internal Audit Department to comprehensively in major issues for all units, propose and suggest the corrective guideline for solving by the Management team, and monitor the correction in accordance with the suggestions within specified periods.

11. To consider and approve budget and manpower of Internal Audit Department.

12. To report its performance of the Audit Committee to the Board for acknowledgement at least four (4) times a year.

13. To have the authority to invite the Executive, the Management or the employees of the Company related to express the opinions, attend a meeting or give document deemed as related and necessary.

14. The Audit Committee may search for independent opinion from the advisors in other professions when deemed as necessary at the Company's expense.

15. To undertake other matters, including the financial management policy review, as assigned by the Board of Directors and the Audit Committee.

16. To annually assess the performance of the Audit Committee for consideration on further improvement.

(4) Risk Management Committee

The Risk Management Committee was appointed by the Board of Directors in the Board of Directors' Meeting No. 1/2006 dated 22 February 2006. The committee shall have at least three (3) members and executives. An independent director is the Chairman, while executives and an accounting/financial expert assist in systematic risk management for all significant work processes at activity and organizational levels. As of 31 December 2016, the Risk Management Committee comprises of four (4) members, each of which serves a two-year term of office. Regular meetings are required. In 2016, the Risk Management Committee had eight (8) meetings with its quarter reports to the Board, and had two (2) meetings for discussion with the Audit Committee with the following details.

List of Risk Management Committee	No. 1/2016	Joint Meeting with the Audit Committee No. 1/2016	No. 2/2016	No. 3/2016	No. 4/2016	No. 5/2016	No. 6/2016	No. 7/2016	No. 8/2016	Joint Meeting with the Audit Committee No. 2/2016	Meeting Attendance (%)
1. Mr. Siriwat Vongjarukorn Risk Management Director/ Executive Director	/	x	x	/	x	/	x	/	/	/	60.0
2. Mr. Sirisak Tirawattanangkul Risk Management Director	/	/	Resigned, Effective on 12 May 2016								100.0
3. Mr. Thanakorn Chalee Risk Management Director/ Executive Director	/	/	/	/	/	/	/	/	/	/	100.0
4. Ms. Waewta Suksanae Risk Management Director	/	/	Resigned, Effective on 9 February 2016								100.0
5. Mr. Ramade Silpaprom Risk Management Director	/	/	Resigned, Effective on 1 March 2016								100.0
6. Prof.Dr. Uthai Tanlamai Chairman, Risk Management Committee/Independent Director	Appointed on 12 May 2016		/	/	/	/	/	/	/	/	100.0
7. Ass.Prof.Dr. Kamales Santivejkul Risk Management Director/ Independent Director	Appointed on 12 May 2016		/	/	/	/	/	/	/	/	100.0
Total Directors in Each Meeting	5/5	4/5	3/4	4/4	3/4	4/4	3/4	4/4	4/4	4/4	

Mrs. Varaporn Wisedsang acted as Secretary to the Risk Management Committee.

Scope of Authority of Risk Management Committee

1. Consider and propose the Board the risk management policy and framework for approval.
2. Consider, review and approve acceptable risk appetites.
3. Oversee and supervise development and implementation following the risk management policy and framework consistently.

4. Review risk management reports for monitoring on significant risks and further implementation.
5. Coordinate with the Audit Committee on major risks with the internal audit unit as a reviewer for confidence.
6. Report the Board risks and risk management on a regular basis.
7. Provide the Risk Management Team advice and

recommendations and consider proper direction in solving information relevant to risk management system development.

8. Consider and appoint additional persons or persons in replacement in the Risk Management Team as appropriate, and set their roles, duties and responsibilities to achieve the objectives.

9. Perform any other risk management tasks as assigned by the Board.

10. Communicate and exchange information, and coordinate with the Internal Audit Department in respect to risks and internal control at least once a year.

Risk Management Team consists of executives and heads of business units of the Company. In 2016, the Risk Management Team had five (5) meetings with the following members.

List	Position
1. Mr. Thanakorn Chalee	Chief Operating Officer
2. Mr. Arm Sivadith	Chief Of Staff
3. Mr. Jirapong Laokajorn	Chief Commercial Officer
4. Ms. Siriporn Detnitirat	Chief Financial Officer
5. Mr. Paiboon Pattanasirisak	Project Director
6. Ms. Uraporn Aiedkarn	Human Resources Director
7. Mr. Pisit Thitihiranthikun	Legal Director
8. Mr. Panusak Eakareesak	Quality Control Director & Secretary to the Risk Management Working Group
9. Ms. Kittiya Tawoot	Secretary for minutes of a meeting

Scope of Authority of Risk Management Team

1. Assess risks and supervise units to follow the risk management plan.

2. Convene to review operational performance following the risk management plan and report the Risk Management Committee for acknowledgement on a regular basis or a quarterly basis.

(5) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established by the Board of Directors in the Board of Directors'

Meeting No. 3/2016 dated 12 May 2016. The Nomination and Remuneration Committee shall have at least three (3) members, one independent member of which shall be the Chairman. It assists in nominating persons with proper knowledge, capabilities and experience to be members of the Board and committees, Chief Executive Officer and President, while establish appropriate remuneration policy. As of 31 December 2016, the Nomination and Remuneration Committee consisted of four (4) members, one of which served a two-year term of office. At least two (2) meetings per year are required. In 2016, the committee had two (2) meetings with the following details.

List of Nomination and Remuneration Committee	No. 1/2016	No. 2/2016	Meeting Attendance (%)
1. Mr. Anan Leetrakul Chairman/Independent Director	/	/	100.0
2. Mr. Siriwat Vongjarukorn Nomination and Remuneration Director/ Chief Executive Officer	x	/	50.0
3. Ass.Prof.Dr. Kamales Santivejkul Nomination and Remuneration Director/Independent Director	/	/	100.0
4. Dr. Charn Tharawas Nomination and Remuneration Director/Independent Director	Appointed on 7 October 2016	/	100.0
Total Directors in Each Meeting	2/3	4/4	

Mrs. Varaporn Wisedsang acted as Secretary to the Nomination and Remuneration Committee.

Scope of authority of Nomination and Remuneration Committee

1. Establish policies and principles before forwarding them to the Board of Directors for consideration.

1.1 Policies, principles and procedures for nomination of Board members, committee members, Chief Executive Officer and President.

1.2 Policies, principles and procedures for remuneration and other fringe benefits for Board members, committee members, Chief Executive Officer and President.

2. Select and nominate qualified candidates for Board members, committee members, Chief Executive Officer and president before forwarding them to the Board for consideration.

3. Oversee the Board to contain an appropriate size and necessary elements for the environment and have the Board

members, committee members, Chief Executive Officer And President to receive reasonable remuneration for their duties and responsibilities.

4. Assess and determine, with the Company's Chief Executive Officer (CEO), the successors of CEO and top executives who directly report to CEO, and report the Board for acknowledgement with respect to the succession plans of top executives on an annual basis.

5. Review and assess the adequacy of the Nomination and Remuneration Charter and, if appropriate, recommend changes to the Charter to the Board for approval.

6. Perform any other tasks or have such authority and responsibilities, as may be delegated to the Committee by the Board on a case-by-case basis.

Executives

List of Executives, as of 31 December 2016

Based on the Organization Structure in "Internal Organization Chart," there were eight (8) executives below.

Name - Last Name	Position
1. Mr. Siriwat Vongjarukorn	Chief Executive Officer/President
2. Mr. Thanakorn Chalee	Chief Operating Officer
3. Mr. Gowitt Dulayasopapan	Chief Operating Officer – Telco Business Unit
4. Mr. Shimmy Thomas	Chief Strategic Business Officer
5. Mr. Wichai Patipaporn	Chief Technology Officer
6. Mr. Arm Sivadith	Chief of Staff
7. Mr. Jirapong Laokajorn	Chief Commercial Officer
8. Ms. Siriporn Detnitirat	Chief Financial Officer

Remark: Ms. Siriporn Detnitirat was appointed as Chief Financial Officer in replacement of Ms. Waewta Suksanae who retired on 1 March 2016.

Details of the current executives are elaborated in the article "Details of Executives and Controlling Persons".

Scope of authority of Chief Executive Officer

1. Control, supervise and oversee execution of the Executive Committee and call for its meetings for consideration on any issues as appropriate.

2. Have authority to sign on the Company's cheques or payment document, accounting and financial document in an amount assigned by the Board of Directors.

3. In the event of an emergency that an Executive Committee meeting cannot be held or its members cannot convene, Chief Executive Officer is authorized to make decision on establishing the Company's mission, objectives, direction and policies.

4. Have authority to appoint, remove or disemployment executive officers.

5. Perform duties with integrity and caution on the Company's benefits.

In any proceedings that Chief Executive Officer or his/her sub-attorney that may have conflicts, stakes or conflicts of interests (according to the Articles of Association and the Securities and Exchange Commission's requirements) with the Company or its subsidiaries (if any), Chief Executive Officer or his/her sub-attorney has none of the authority to approve any proceedings of such matters. Exception can be made for approval of transactions according to the Company's policies and principles

approved by the Board, and the Stock Exchange of Thailand's requirements on interconnected transactions and acquisition or disposition of key assets of the Company or its subsidiaries.

Scope of authority of President

1. Manage and control operations relevant to the Company's general management.
2. Proceed with operations as delegated by the Board of Directors or the Executive Board.
3. Have authority to appoint, transfer, dismiss, disemploy, set wage rates and rewards, increase salary, determine remuneration, provide bonuses for all employees in positions lower than the executive level, and for appointment of a representative of the employer in the provident fund.
4. Have authority to approve and appoint a sub-attorney to approve disbursement for procurement of assets and services for the Company's benefits, and to approve financial transactions within an amount limit authorized by the Board or the Executive Board.
5. Have authority to introduce orders, rules, announcements and records for work implementation following the Company's policy and benefits and for internal disciplines.
6. Have authority to take actions and express himself/herself as the Company's representative to outsiders in related transactions for the Company's benefits.
7. Approve any appointment of advisors in the fields necessary to operations.
8. Perform any other tasks as delegated by the Board or the Executive Board on a case-by-case basis.

President shall stay under and director report to Chief Executive Officer, while abiding by the direction and policies set by the Executive Board.

Any proceedings that President or his/her sub-attorney that may have conflicts, stakes or conflicts of interests (according to the Articles of Association and the Securities and Exchange Commission's requirements) with the Company or its subsidiaries (if any), President or his/her sub-attorney has none of the authority to approve any proceedings of such matters. Exception can be made for approval of transactions according to the Company's policies and principles approved by the Board, and the Stock Exchange of Thailand's requirements on interconnected transactions and acquisition or disposition of key assets of the Company or its subsidiaries.

Company Secretary

The Board of Directors' Meeting No. 3/2003 dated 23 May 2003 resolved to appoint Mrs. Varaporn Wisedsang as the Company Secretary from 2003 onward. She was given training in the course relevant to duties of Company Secretary from the Institute of Directors (IOD). Her qualifications are described in Attachment 1.

In the event that Company Secretary leaves the position or cannot perform the duties, the Board shall appoint new Company Secretary within 90 days from the date the previous one leaves the position or cannot perform the duties.

Brief Profile of Company Secretary

Mrs.Varaporn Wisedsang

Education

Master's Degree: Finance, Kasem Bundit University
Bachelor's Degree: Accounting, Kasem Bundit University

Qualification:

Have knowledge in accounting/finance and relevant laws, possess coordination skills and flexibility to perform tasks, gain capabilities to summarize any issues and prepare minutes of meetings with good relationship, leadership and communication skills. Given training on duties of Company Secretary from the Institute of Directors (IOD).

Duties and Responsibilities of Company Secretary

- Stay as the center for document preparation/storage.
- Coordinate with the shareholders and facilitate organization of a shareholders' meeting with an invitation letter and a minutes of meeting.
- Report stakeholding of directors and executives.
- Coordinate on implementation following the Board resolutions
- Have the Board to perform its duties following the laws, the Public Company Act, the Securities and Exchange Act, and rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, and provide advice on laws and announcements.
- Any other issues as delegated by the Board.



Remuneration for Directors and Executive

The Board of Directors establishes the remuneration policy with clearness and transparency, based on the principles before forwarding it to a shareholders' meeting for consideration and approval of remuneration.

From 2017 onward, the Nomination and Remuneration Committee will consider remuneration according to the principles and propose it to the Board meeting and shareholders' meeting for consideration and approval.

• Policy and Principles for Remuneration to the Board of Directors

The remuneration will be given annually in respect to the Board's duties, responsibilities and performance that bring benefits to the Company. The meeting allowances are compared with those at the similar size and close business type.

The Directors who are assigned as committee members shall receive additional remuneration as per his/her additional responsibility.

• Policy and Principles on Remuneration for Executives

The Board of Directors shall review and determine remuneration for executives in the forms of salary, bonus, contribution to a provident fund and benefit obligations. The determination of remuneration shall be based on the following factors.

- 1) Survey data on remuneration provided by institutions or units in the same industry at the similar level.
- 2) Inflation rate
- 3) Past records of net profit growth, and review of work performance for duties and responsibilities assigned and work performance as earlier targeted.

• Financial Remuneration

(1) Remuneration for the Board of Directors/Committees

- Remuneration/Travel Allowance. The Annual General Meeting of the Shareholders dated 25 April 2016 held the remuneration for the directors unchanged from 2014 to 2016

Position	Remuneration for the Directors (Yearly)				
	Board of Directors	Audit Committee	Risk Management Committee		Meeting Allowances Nomination and Remuneration Committee
			Remuneration	Travel Allowances	
1. Chairman	264,000	264,000	264,000	60,000	264,000
2. Director	192,000	264,000	264,000	60,000	264,000

- Remark:**
- 1) Mr. Kiyotaka Nakamura, Vice Chairman who represents TIS Inc. of Japan, waived remuneration throughout his term following the good corporate governance of Japan's stock exchange.
 - 2) Mr. Siriwat Vongjarukorn and Mr. Thanakorn Chalee, who hold both executive directors and risk management directors, did not receive annual remuneration and travel allowances.

Mr. Siriwat Vongjarukorn, Executive Director, who is also a member of Nomination and Remuneration Committee, did not receive annual remuneration.
 - 3) In regard of remuneration for the directors who resigned and new directors in replacement, the Company paid them partial remuneration in accordance with his/her term in office and the resolution of the AGM 2016 on remuneration for the Board of Directors and Committees at no more than 3,252,000 baht.

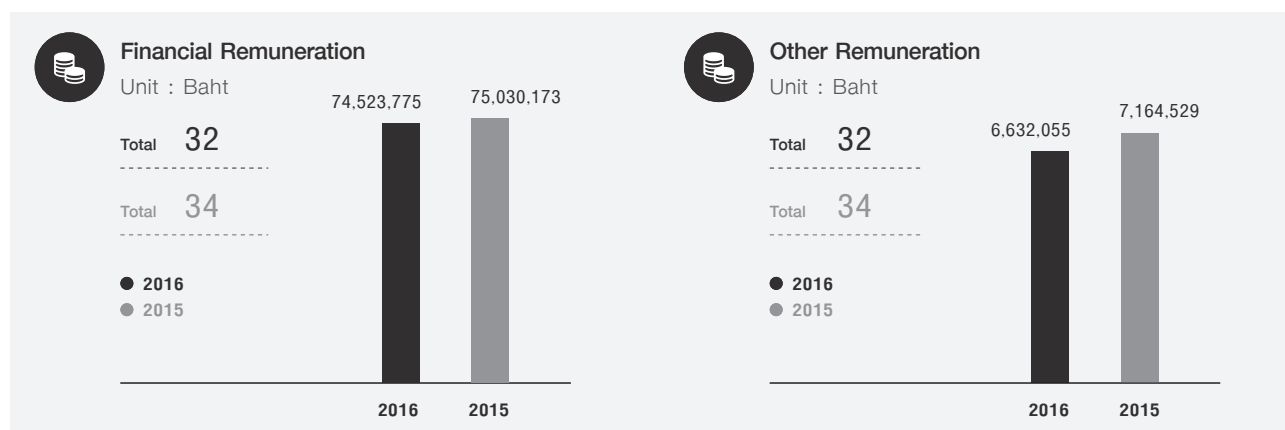
• Other types of remuneration

None of other benefits aside from annual remuneration/travel allowances.

(2) Remuneration for Executives

- Financial remuneration for executives of the Company and its subsidiaries in the form of salary and bonus.

- Other types of remuneration for executives of the Company and its subsidiaries in the form of social security contributions, contributions to a provident fund and obligations for employee benefits.

**Employees**

Employees are the organization's essential resources for business operations. Its growth depends on the employees who possess skills, knowledge, expertise and quality. Therefore, MFEC Group has the policy for skill set development and internal management process improvement that accord with technological changes, accommodate service standards and promote sustainable growth. The employees are encouraged to be aware of ethics and good corporate governance.

As of 31 December 2016, MFEC and its subsidiaries has 1,070 employees by main business line.

	Total (person)			
	31 December 2016		31 December 2015	
	Permanent employees	Contract employees	Permanent employees	Contract employees
MFEC & its subsidiaries				
MFEC Public Company Limited	651	95	674	92
13 Subsidiaries	259	65	309	80
Total	910	160	983	172

Remark: The list of 13 subsidiaries is depicted in Part 1: Business Operations

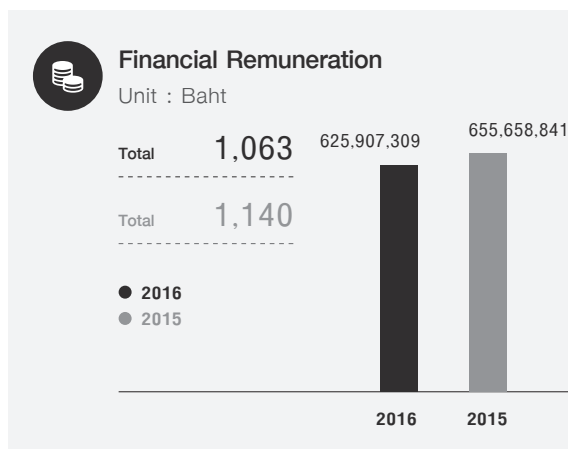
As of 31 December 2016 and 31 December 2015, MFEC and its subsidiaries has 1,003 employees by main business line.

Main Business Line	Total employees (person)	
	31 December 2016	31 December 2015
1. Sales & Marketing	71	81
2. Technical Support & Product Development	833	930
3. Administration	99	105
Total	1,003	1,116

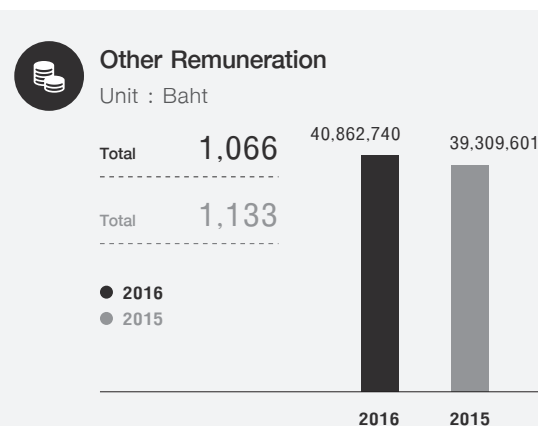
Remark: MFEC and its subsidiaries have not had labor unions or labor disputes in the past five years.

Remuneration to Employees of MFEC & Subsidiaries

1. Financial remuneration in the forms of salary, bonus, allowances, overtime pay, travel allowances and welfare



2. Other remuneration in the forms of contributions to social security fund and provident fund, and employee benefit obligations



MFEC's Human Resources Development Policy

The Executive Committee pays attention on human resources in MFEC's business operations. Thus, consistent human resources development is taken to improve in operational skills, and enrich knowledge, capabilities and work efficiency. The employees are fully equipped to make adjustment for innovation in the information technology, while monitoring and enhance perception in the technology. MFEC's employee development policy is set in the following patterns.

1. MFEC is well aware of innovation creation and skill practice for entrepreneurship, and skill improvement for business unit leaders. Therefore, the "Business Reinvented Program for Leader is established" having the objective for business unit leaders to practice their skill on "Go To Market Strategy." The C-level executives are program coaches for three (3) months. The program's expected outcomes are that new products and services in every business unit and business unit leaders' more skill development in business strategies. Given the program success, innovative works in real practice are brought to create new products to new markets for higher competitive advantages.

2. MFEC is well aware of development of new-generation employees. Therefore, MFEC BLUEGEN Project has been proceeded continuously, concentrating to open an opportunity for new graduates to be trained in intensive programs. In 2016, IT Consultant Trainees and Data Engineer Trainees were developed. Following the project success, MFEC has quality employees for business operations consistently.

3. Encouragement for exchange of knowledge and skills among MFEC employees through Share & Shine Program on

a regular basis. In 2016, the employees joined 10 training courses as speakers and 214 employees participated in the project.

4. MFEC employees are dispatched for IT training held by its suppliers and reputable training institutions, management training in the country and overseas, and in-house training. Speakers or experts with deep knowledge, high capabilities and direct experiences are invited to give instruction and provide knowledge. Training courses are consistently set in line with an annual human resources development plan. More than 659 employees were trained.

5. MFEC employees are encouraged to take the IT test for certification which ensures their quality and bring confidence the customers. In 2016, 229 employees obtained the IT certificate.

6. Knowledge Management gathers knowledge systematically as a means to allow the employees gain easier access into knowledge and apply it to improve their capabilities and performance. Information is shared through the website and mobile phones "MTube. Fields of knowledge are categorized into groups and the employees are opened to learn by themselves at any place for any time.

7. Promote the employees to enhance their technical and management knowledge and capabilities through Skill Matrix and Individual Development Plan (IDP). The employees can formulate their IDP on an annual basis as to jointly set targets with their heads. The programme result brings higher efficiency in the employees' occupational development.



Details of Directors, Executives, Controlling Persons, and Company Secretary of MFEC Public Company Limited

as of 31 December 2016

01. | Mr. Sirisak Tirawattanangkul

Chairman

Age 56 Year

The Authorized Person

Appointed by AGM 1/2016

Shareholding : 2.9%

Education

- Bachelor's degree in Physics, Chulalongkorn University
- DAP, RCP Programs of IOD

Working Experience in Past 5 Years

2011 - 2013	Director, MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network
2016 - Present	Chairman, MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network

*Director in listed companies: one (1) listed company

*Non-listed companies: -

02. | Mr. Kiyotaka Nakamura

Vice Chairman

Age 48 Year

Non Authorized Person

Appointed by AGM 1/2016

Shareholding : -

Education

- Bachelor of Engineering from Osaka University, Japan
- DAP Program of IOD

Working Experience in Past 5 Years

Current	Executive Officer, TIS Inc. : IT Consulting.
2014 - Present	Director, MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2014 - Present	Director, TISI (Thailand) Ltd. : Provide consulting for other administration.
2014 - Present	Director, MUT Business Outsourcing Co., Ltd. : Outsourcing service
2016 - Present	Director, Promptnow Company Limited. : Provide advisory services and development services for information technology and create entertainment media.

*Directorial position in listed companies: two (2) listed companies.

Director in TIS Inc. and three (3) group companies

Director in MFEC PLC.

* Non-listed companies: -

03 | Mr. Siriwat Vongjarukorn

Director, Chief Executive Officer, Member of risk committee,
Member of Nomination and Compensation Committee

Age 49 Year

The Authorized Person
Appointed by AGM 1/2014

Shareholding : 1.9%

-
- Education**
- Hanorary Doctorate Degree of Information Technology, Sripatum University
 - Bachelor of Engineering, Chulalongkorn University
 - DAP, DCP Program of IOD

Working Experience in Past 5 Years

- | | |
|----------------|--|
| 2003 - Present | Director and Chief Executive Officer, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network. |
| 2013 - Present | Director, Promptnow Company Limited
: Provide advisory services and development services for information technology and create entertainment media. |
| 2005 - Present | Director, Modernform Integration Services Company Limited
: Sell and repair computers & peripherals |
| 2014 - Present | Director, AQUA Corporation Public Company Limited.
: Hire purchase electrical appliances, telephone sets & automobiles |
| 2014 - Present | Director, Panjaluck Pasuk Company Limited.
: Operate an amusement park, rides & shows |
| 2016 - Present | Director, M.I.S. Outsourcing Company Limited
: Provide technology consultancy services, integration, maintenance |
| 2016 - Present | Director, Digital Ventures Co. Ltd.
: Invest and develop financial business |
| 2016 - Present | Director, Thai Consumer Distribution Center Co., Ltd.
: Provide warehouses for rent |
| 2016 - Present | Director, Matchon PLC.
Provide advertisement, training & typing services |
| 2016 - Present | Director, Accomplish Way Holding Co., Ltd.
: Provide warehouses for rent |
-

*Directorial position in listed companies: three (3) listed companies.

Director in MFEC PLC. and three (3) group companies

Director in Aqua Corporation PLC and two (2) group companies.

Director in Matchon PLC.

* Non-listed companies: two (2) companies

04. | Mr. Thanakorn Charlee

Director, Executive Committee Member of risk committee

Age 49 Year

The Authorized Person
Appointed by Board of Director 2/2015

Shareholding : -

-
- Education**
- Bachelor of Engineering, Chulalongkorn University
 - DAP, HRP Programs of IOD

Working Experience in Past 5 Years

- | | |
|----------------|--|
| 2015 - Present | Director & Executive Committee, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network. |
| 2004 - Present | Director, Advance Intelligence Modernity Company Limited
: Provide advisory services and development services for information technology and create entertainment media. |
| 2011 - Present | Director, Motif Technology Public Company Limited.
: Provide consulting and advisory services related to computer system and information technology network. |
| 2013 - Present | Director, Coach Marketing Company Limited.
: Conference organizer. |

2015 - Present Director, Modernform Integration services Company Limited.
: Sell and repair computers & peripherals

*Directorial position in listed companies: one (1) listed company.

Director in MFEC PLC. and three (3) group companies

*Non-listed companies: one (1) company

05. | Mr. Anan Leetrakul

Independent Director, and Chairman of Nomination and Compensation Committee

Age 76 Year

Appointed by AGM 1/2015

Shareholding : -

Education

- Ph.D.Faculty of Information Technology Rajamangala University of Technology Suvarnabhumi (Honorary Degree)
- Bachelor of Accountancy, Chulalongkorn University
- DCP, RCC Programs of IOD

Working Experience in Past 5 Years

2016 - Present Independent Director, Member of Nomination and Compensation Committee MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2012 - 2016 Independent Director, Audit Committee Member MFEC Public Company Limited

2008 - Present Director, D2 Systems Company Limited
: Wholesale network security system

Present Director, Siam M&B Publishing Company Limited
: Provide printing service

2016 - Present Director, A-Host Co., Ltd.
: Sell computer programs

*Directorial position in listed companies:one (1) listed company.

Independent Director in MFEC PLC.

* Non-listed companies: three (3) companies

06. | Mr. Suchart Thammapitagkul

Independent Director, Chairman of Audit Committee

Age 68 Year

Appointed by AGM 1/2015

Shareholding : 0.02%

Education

- Master of Law, Harvard Law School, U.S.A.
- Bachelor of Law, Chulalongkorn University.
- DAP, DCP, RCC Program of IOD

Working Experience in Past 5 Years

2003 - Present Independent Director and Chairman of Audit Committee, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

1999 - Present Independent Director and Audit Committee Member, Modernform Group Public Company Limited
: Manufacture and sell furnitures.

2004 - Present Independent Director and Chairman of Audit Committee, T.C. Union Global Public Company Limited
: Manufacture and sell supplementary Food

2004 - Present Independent Director and Audit Committee Member, Unique Mining Services Public Company Limited
: Retail fuel for automobile

2005 - Present Independent Director and Audit Committee Member, Unit Engineering Public Company Limited
: Manufacture equipments for factories in Energy and Petrochemical Industry

1989 - Present Director, Bann Sathorn Company Limited
: Provide equipments for personal and household

1986 - Present Director, On-Nik Company Limited
: Distribute Chemical Products.

2006 - Present	Director, Chamchuri Innovative Company Limited : Provide intellectual property products and similar products, excluding copyrighted work, for rent
2013 - Present	Director, S.A.B. (Thailand) Company Limited : Wholesale watches
1970 - Present	Director, Somnuk Sutee Associate Company Limited. : Provide Litigation and Legal Consulting services

* Directorial position in listed companies: four (4) listed companies.

Independent Director in MFEC PLC.

Independent Director in Modernform Group PLC.

Independent Director in Unique Mining Services PLC.

Independent Director in Unimit Engineering PLC.

*Non-listed companies: six (6) companies

07. | Prof. Uthai Tanlamai

Independent Director, Chairman of Risk Management Committee, Member of Audit Committee

Age 64 Year

Appointed by Board of Director 2/2016

Shareholding : -

Education

- Ph.D. (MIS Major) University of Illinois at Urbana Champaign
- MS B.A. (MIS major) University of Illinois at Urbana Champaign
- B.A. in Accounting (Cost Accounting Major), Chulalongkorn University
- DAP, DCP, FSD Program of IOD

Working Experience in Past 5 Years

2016- Present	Independent Director, Chairman of Risk Management Committee, Audit Committee Member, MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network
2016- Present	Director, Thai Challac (1980) Co., Ltd. : Produce seedlac
1995- Present	Professor for Accounting, Chulalongkorn University : University

*Directorial Position in listed companies: one (1) listed company.

Independent Director in MFEC PLC.

*Non-listed companies: one (1) company

*Professor in institutions: one (1) institution

08. | Ass.Prof. Kamales Santivejkul

Independent Director, Member of risk committee, Member of Audit Committee, Member of Nomination and Compensation Committee

Age 65 Year

Appointed by AGM 1/2016

Shareholding : -

Education

- Ph.D.Business Administration Oklahoma State University The United States
- Master's Degree, Monetary and Fiscal Major, National Institute of Development Administration
- BA, Civil Engineering, Songkhla Nakarin University
- DCP Program of IOD

Working Experience in Past 5 Years

1994 - Present	Independent Director, Audit Committee Member, Seafresh Industry PLC. : Produce and sell frozen shrimp, value-added shrimp & frozen processed ready-to-eat shrimp
2004 - Present	Director, C&C International Venture Co., Ltd : Advisor for Administration and Techniques
2006 - Present	Director, Jamjuree Innovations Co., Ltd. : Distributor, brokerage house and sales representative for products with intellectual property's contents
2008 - Present	Independent Director/Chairman-Corporate Governance Committee, Nonthavej Hospital PLC. : Provide medical services

2015 - Present Advisor, Computer and Information System Center, Faculty of Commerce and Accountancy,
Chulalongkorn University
: University

*Directorial position in listed companies: three (3) listed companies.

Independent Director in MFEC PLC

Independent Director in Seafresh Industry PLC.

Independent Director in Nonthavej Hospital PLC.

*Non-listed companies: two (2) companies

*Advisor in institutions: one (1) institution

09. | Dr. Charn Tharawas

Independent Director, Member of Nomination and Compensation Committee

Age 65 Year

Appointed by Board of Director 4/2016

Shareholding : -

Education

- Ph.D., Finance, Western American University, USA
- Master's Degree, Business Administration, Kasetsart University
- Bachelor's Degree, Economics, Thammasat University
- DAP, DCP Programs of IOD

Working Experience in Past 5 Years

2016 - Present Independent Director, Member of Nomination and Compensation Committee, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Director - Senior Expert, Screening, Mor. 35, Mass Rapid Transit Authority of Thailand
: BTS Project

2015 - Present Director - Senior Expert, Supervision & Oversight, Mor. 43, Ministry of Transportation
: Transportation & logistics

2014 - Present Director - Senior Expert, Supervision & Oversight, Mor. 43, Ministry of Digital Economy and Society
: Ministry of Digital Economy and Society

1995 - Present Chairman, C.am Creation Co., Ltd.
: Financial advisor

1999 - Present Director, Inter Capital Leasing Co., Ltd.
: Give advice on financial and business management

*Directorial Position in listed companies: one (1) listed company.

Independent Director in MFEC PLC.

*Non-listed companies: two (2) companies

*Director - Senior Expert in organizations: three (3) organizations

10. | Mr. Gowitt Dulyasophaphan

Chief Operating Officer – Sale Telecommunications

Age 55 Year

Shareholding : 0.01%

Education

- Diploma degree, Rajamangala Institute of Technology, KhonKaen Campus (Thai-German)

Working Experience in Past 5 Years

2003 - 2016 Vice President – Sale Telecommunications, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Chief Operating Officer – Sale, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

11. | Mr. Shimmy Thomas

Chief Strategic Business Officer

Age 46 Year

Shareholding : -

Education • Bachelor's degree in Electronics, KARNATAK Uty, INDIA

Working Experience in Past 5 Years

2003 - 2016 Vice President - Strategic Business, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Chief Strategic Business Officer, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

12. | Mr. Wichai Patipaporn

Chief Technology Officer

Age 49 Year

Shareholding : 0.03%

Education • Bachelor's degree in Computer Engineering, Chulalongkorn University

Working Experience in Past 5 Years

2003 - 2016 Vice President – Research and Development, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Chief Technology Officer, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

13. | Mr. Arm Sivadit

Executive Director, Chief Of Staff

Age 42 Year

Shareholding : 0.04%

Education • MBA, University of Houston
• Bachelor's degree in Computer Engineering King Mongkut's Institute of Technology Ladkrabang
• HRP Programs of IOD

Working Experience in Past 5 Years

2011 - 2014 Business Development Director, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2014 - 2016 Vice president professional service, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Executive Director, Chief Of Staff, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

14. | Mr. Jirapong Laokajorn

Executive Director, Chief Commercial Officer

Age 41 Year

Shareholding : -

Education • Master's Degree, Information Systems Management Loyola University Chicago, Illinois, USA
• Bachelor's Degree, Government, Chulalongkorn University

Working Experience in Past 5 Years

2011 - 2016 Chief Commercial Officer, MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Executive Director, Chief Commercial Officer, MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and information technology network

15. | Ms. Siriporn Detnitirat

Chief Financial Officer

Age 43 Year

Appointed in the Executive Committee's Meeting No. 1/2016 dated 8 February 2016

Shareholding : -

Education

- Master's Degree, Business Law, Ramkhamhaeng University
- Bachelor's Degree, Costing Major, University of the Thai Chamber of Commerce
- Training: Strategic CFO in Capital Markets Program by the SET, 2nd Class And training on tax planning for dividend and share of profits by Dharmniti Auditing Cpo., Ltd.

Working Experience in Past 5 Years

2016 - Present Chief Financial Officer, MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and information technology network

2010 - 2016 Senior Accounting Manager, MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and information technology network

2016 - Present Director, Advance Intelligent Modernity Company Limited.
 : Provide advisory services and development services for information technology and create entertainment media.

2016 - Present Director, Modernform Integration Services Company Limited
 : Sell and repair computers and peripherals

2016 - Present Director, M.I.S. Outsourcing Company Limited
 : Provide consultancy, integration, maintenance and technology services

2016 - Present Director, Motif Technology Public Company Limited.
 : Provide consulting and advisory services related to computer system and information technology network.

16. | Mrs. Varaporn Wisedsang

Company Secretary

Age 42 Year

Appointed by Board of Directors 3/2003, Date: May 23, 2003

Shareholding : -

Education

- Master of Business Administration in Finance, Kasem Bundit University
- Bachelor of Business Administration in Accountancy, Kasem Bundit University.
- CSP, CRP, EMT Program of IOD

Working Experience in Past 5 Years

2003 - Present Company Secretary, MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and information technology network

Remark :

1. Executive Director means the director who affixes his or her signature and be binding on the company as stipulated in the Company Certification Document.
2. The number of Shares as of December 31st, 2016.
3. The Shareholding Proportion shall be included with spouse and minor children as per the Article 258 of Public Limited Companies Act, B.E. 2535 (1992).

Details of Directors, Executives, Controlling Persons, and Company Secretary of MFEC Public Company Limited, its subsidiaries and associate companies and other related companies.

Company Name	MFEC PLC	Subsidiaries													Associate companies			Related Companies	
		AIM	MIS	MISO	BAC	MOTIF	KS	SP	SPT	HS	SM	SS	KK	PS	ANG	PN	TIS	TISI (Thailand)	
1. Mr. Sirisak Tirawattanangkul	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Mr. Kiyotaka Nakamura	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	I	II	I	
3. Mr. Siriwat Vongjarukorn	I and II	I and II	I and II	I and II	-	-	-	-	-	-	-	-	-	-	-	I and II	-	-	
4. Mr. Thanakorn Charlee	I and II	I and II	I and II	-	I and II	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Mr. Anan Leetrakul	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Mr. Suchart Thammapitagkul	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7. Prof. Uthai Tanlamai	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8. Ass.Prof. Kamales Santivejkul	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9. Dr. Cham Tharawas	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10. Mr. Gowitt Dulyasophaphan	III	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11. Mr. Shimmy Thomas	III	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12. Mr. Wichai Patipaporn	III	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13. Mr. Arm Sivadit	III	-	-	-	-	-	-	-	-	-	-	-	I and II	-	-	-	-	-	
14. Mr. Jirapong Laokajom	III	-	-	-	-	-	-	-	-	-	-	-	I and II	-	-	-	-	-	
15. Ms. Sriporn Detnirat	III	I and II	I and II	I and II	-	I and II	-	-	-	-	-	-	-	-	-	-	-	-	

Remark :

1. X = Chairman, I = Director, II = Executive Director, III = Executive
2. The list of subsidiaries and associate companies follows Part 1, 1.3: Shareholding Structure.



Corporate governance

Corporate Governance Policy

The Board of Directors aims for organizational development to be a transparent organization with good governance, responsibility and protection of social and stakeholder's interest. The company's personnels are developed to be moral and good person. In addition, it focuses on promotion of information technology study and quality development to increase sustainable growth and effectiveness of the organization and participation in social development of the country.

Rule of Sustainable Development

1. Business Governance and Business Operation with Fairness
2. Anti-Corruption
3. Respect for Human Rights and Social Responsibility
4. Participation in Educational Quality Development of the Community
5. Preparation of Sustainability Report

Plan on Corporate Governance of the year 2016

1. Build up confidence and announce the Company's intention to its suppliers consistently as a means to have them acknowledge its business ethics and join force against corruption.
2. Review and drive the organization's vision and mission, and adjust business strategies for sustainable growth.
3. Join hand with TIS Inc. to establish the Pan Panya Foundation which supports and develop the quality of primary education in remote communities.
4. The Company received level 3 of listed companies' good corporate governance, and level 4 of the annual general meeting of shareholders. It participated in the Private Sector Collective Action Coalition Against Corruption (Thai CAC) of the Institute of Thai Directors.

The Company adjusted its guidelines for good corporate governance, the 4th issue, as resolved by the Board of Directors' Meeting No. 5/2013 dated 8 November 2013. The Company has implanted the awareness of the employees in all departments on significance and implementation of corporate governance principle. The Executive Board and Internal Audit Department

are under governance of the Audit Committee and report the result to the Audit Committee and the Board of Directors for acknowledgement

The Board of Directors set a policy for good corporate governance below :

- The Board performs its duties with dedication, responsibility and independence. Separate roles are clearly defined among Chairman of the Board of Directors, and Chief Executive Officer/President.
- The Board reviews determination of vision, mission, strategies, policies and major plans with regard of risks. The Board establishes a direction for management, while supervising and overseeing the internal control system as to assure the accounting system, financial reporting and auditing's accountability.
- The Board considers and appoints a specific committee, as deem appropriate, to screen major tasks with prudence.
- The Board supervises and oversees conflicts of interests and interconnected transactions.
- The Board supervises adequacy for information disclosure which allows the shareholders and stakeholders to receive fair information with channels for comments and complaints.
- The Board sets annual self-assessment.

The following elements are the keys to supervision and oversight.

1. Rights of Shareholders: The company provides chance for its shareholders to take part in the corporate governance and opinion expression in business operation. In 2016, the company have implemented the right of shareholders in the following topics.

- 1.1 Schedule of a meeting of the shareholders. The Company schedules the Annual General Meeting of the Shareholders (AGM) once a year, within a period of no more than four (4) months from the last date of an counting period ending 31 December. In 2016, the AGM was held on 25 April 2016 at the Conference Room, 39th Floor, Sun Tower B, No. 123, Vibhavadi Rangsit Rd., Chompol,

Bangkok 10900. None of an extraordinary meeting of shareholders was called for.

- 1.2 The opportunity was given for shareholders to propose meeting issues to be included in meeting agenda in advance by informing the shareholders for acknowledgement through the news system of The Stock Exchange of Thailand. In addition, the result of the proposed issues was notified for shareholders' acknowledgement.
- 1.3 Invitation for a meeting will be sent out in both Thai and English languages beforehand. The Board of Directors' Meeting No. 2/2016 dated 15 March 2016 resolved to hold the Annual General Meeting of the Shareholders (AGM) on 25 April 2016. The resolution was notified to the shareholders through the Stock Exchange of Thailand's website in advance. The meeting agenda was informed in Thai and English languages together with key and necessary supplementary information for decision-making, the Board's opinions, the Minutes of the AGM No. 1/2015 with meeting document, and proxy document with procedures on MFEC'S website from 31 March 2016, at least 21 days before the AGM.

The invitation letter was issued by Thailand Securities Depository Company Limited's registrar on 5 April 2016 about 21 days beforehand. The event was announced for three (3) consecutive days (12, 18, 19 April 2016) before the AGM in order to call for the AGM in advance.

1.4 Proceeding of the AGM

- Prior to the AGM, Chairman introduced the AGM the Board of Directors, auditor, Chief Financial Officer and financial advisor for acknowledgement. Voting procedures, vote counting were informed, while voting cards were used.

The Board members, auditor, Chief Financial Officer and financial advisor all were present in the AGM 2016.

- During the AGM, Chairman explained resolution procedures for each meeting agenda according to the Articles of Association and allowed the shareholders to question, and make comments and suggestions in appropriate periods. The questions were answered before voting.

In regard to the agenda on election of directors in 2016, Chairman proceeded the election on an individual basis. During the AGM, if a director was at stake in or connected with an agenda, he/she informed the AGM for acknowledgement and abstained from voting in that agenda. Chairman proceeded with the agenda in order without any other issues.

- After the AGM, the secretary recorded the minutes of meeting, and disseminated the meeting resolutions and the number of votes in each agenda on 25 April 2016 (in Thai and English languages). The minutes were recorded in video and voice and disseminated through MFEC's website on 3 May 2016. The minutes were delivered to the Stock Exchange of Thailand within 14 days as required.

2. Equal Treatment to the Shareholders : For the parity, the company has policy to treat all shareholders either major shareholders, minor shareholders, institutional investors or foreign equally. In 2016, the company implemented the policy for equal treatment to the shareholders as the followings

- 2.1 Suggestion on agenda/ nomination individuals. Opportunities are provided for the shareholders to nominate individuals for directors, suggest agenda and address questions for the AGM beforehand. The period was scheduled from December 2016 to January 2017. The shareholders were notified through the news system of the Stock Exchange of Thailand and regulations and procedures were clearly announced on MFEC's website www.mfec.co.th, in the part "MFEC News & Announcement" of "Investor Relations ."
- 2.2 The voting rights were equitably granted to the shareholders based on number of their MFEC shares.
- 2.3 The company attached Proxy Statement, Type B, the form that shareholders can define the voting direction by themselves in each occasion, together with the meeting appointment letter for the shareholders who are inconvenient to attend the meeting by themselves and can authorize independent director or other person to attend the meeting and vote in lieu of them. The proxy statement is also disseminated for download by the shareholders on the company's website.

2.4 The prohibition was determined for the director, executive, or employee not to use acquired information for self benefit and not to perform insider trading for the company's shares or provide the information to other persons for benefit in buying and selling the Company's share. Anyhow, the director and the executive had to report the initial security holding report and security holding changing report in accordance with Section 59 of the Securities and Exchange Act.

2.5 The directors of the company and its subsidiaries were assigned to report their own and relevant persons' stakes in accordance with Section 89/14 of and the Securities and Exchange Act B.E. 2551 (2008). Every change in information was reported to the Company Secretary within 7 days.

3. Consideration on Role of Stakeholder : The company gives priority to social responsibility and realizes on the role and the significance of all groups of stakeholders by determining regulation in defining anti-corruption policy on receipt and provision of gift/property or any other benefits in making transaction with individuals in the private or public sectors. In addition, the company's business partners are informed about business ethics for their acknowledgement and conformance. Clue notification measure and protection mechanism of clue informer are defined.

Moreover, clear policy and regulation of all groups of stakeholders are updated through adjustment of the company's corporate governance manual, dissemination and publication for adherence and practice by all employees, and also publication through website for recognition of shareholders and stakeholders about the organizational ethics.

In 2016, good practical guideline has been added as follows.

- (1) Defined anti-corruption policy on receipt and provision of belongings or any other benefits to persuade for wrongful practice by declaring practical guideline to the company's business partners for recognitions all over;
- (2) International human right and intellectual property infringement;
- (3) Increase the means of claim and suggestion, claim receipt process and protection measure on the claimer as the means that can directly complain to the

Independent Directors through the Company Secretary.
http://www.mfec.co.th/ir_index.php

4. Information Disclosure and Transparency : The company emphasizes on complete and accurate information disclosure within proper period of time with transparency. In 2016, the company has updated its website so that all stakeholders can easily access its information. The disclosure has been classified by criteria and practical guideline of good corporate governance in accordance with rules and regulations of the Stock and Exchange of Thailand and the Securities and Exchange Commission as the followings.

- 4.1 Deliver financial reports to the Securities and Exchange Commission within a specific period without any transactions that the auditor expresses conditional opinions.
- 4.2 Completely disclose information in accordance with the criteria in Annual Information Form and Annual Report, financial statements, corporate governance policy, social responsibility policy, nature of business engagement, marketing and competition, Board of Directors and executive structure, remuneration of the committees and shareholding of executive director, detail of educational qualification and experience of the Committee, the company's audit fee and audit service rate.
- 4.3 Arrange the investor relations work unit to be the information communication channel. The shareholders or investors inquire the information with the company through IR Contact both via telephone and electronics mail on the company's website.
- 4.4 Clearly declare remuneration of committees and executives in Annual Report as well as sharing information of committees and executives, and define the policy for committees and executives to quarterly report the company's share trading as well as connected transactions and stake report of committees and executives in order to prevent conflict of interest of committees and executives.
- 4.5 The company's Financial Statement was unconditionally certified by the auditor without record of instruction to correct financial statements by the Stock Exchange of Thailand and the Securities and Exchange Commission

5. Board of Directors' Responsibilities : MFEC fully realizes the Board's roles, duties and responsibilities to protect the

shareholders and stakeholders' interest. In 2016, the Company had nine (9) directors and the number was appropriate for its size. The Board consisted of Chairman (non-independent and non-executive director), five (5) independent (non-executive directors (one (1) woman and four (4) men), two (2) executive directors and one (1) non-executive director.

The company emphasizes on playing role, duty and responsibility of the Board to supervise and maintain the benefit of shareholders and stakeholders such as defining the strategy of business operation, consideration on operating audit, supervision of transparent business operation and sustainable growth with following details.

- 5.1 Manage to have reviews of scope of work, roles and authority of Boards of Directors of MFEC and its subsidiaries, charters of the Board of Directors and committees. The details are described in the article' Board of Directors and Committees. (The committees consist of the Executive Board, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee.)
- 5.2 The Board of Directors' Meeting No. 3/2016 dated 12 May 2016 resolved to establish the Nomination and Remuneration Committee and its scope of work, roles and duties.
- 5.3 Define the policy of term in the office of the directors in listed companies for not more than five (5) companies. The President and top executive should hold executive position in a single company so that they can have

enough time for management.

- 5.4 No record of offence against the rule of the Office of the Securities and Exchange Commission/the Stock Exchange of Thailand.
- 5.5 Determine the Chairman of the Board is not the same person with Chief Executive Officer so that the role, authority and duty can be clearly separated; and also appoint the Independent Directors to be the Chairman of various Subcommittees.
- 5.6 The Board of Directors reviews the Company's vision and mission every three (3) years. In the Board of Directors' Meeting No. 7/2016 dated 10 November 2016, the Executive Board reviewed the Company's vision, mission, strategies, goal, business plan and budget as considered and proposed by the Executive Board.
- 5.7 The Board of Directors arranges the internal control system to cover finance, operation, implementation to be in line with relevant law, regulation and rule. In addition, risk is properly and adequately managed whereas Internal Audit Department is under governance of Mr.Nattapol Kasamsup, Director of Internal Audit which is the independent work unit that reports to Audit Committee.
- 5.8 The Board of Directors oversees to have sufficient and good risk management system and regularly monitor risk management. Risk Management Committee is assigned to quarterly report the risk management result to the Board of Director.

The following list describes each of the directors who held a three-year term in office.

Name of Director	Type of Director	Year of Appointment	Latest Selection Year	Number of Years to Hold the Director Position
Mr. Sirisak Tirawattanangkul	Non-Executive Director	2011	2016	5 years
Mr. Kiyotaka Nakamura	Non-Executive Director	2014	2016	2 years
Mr. Siritwat Vongjarukorn	Executive Director	2003	2014	13 years
Mr. Thanakorn Charlee	Executive Director	2015	2014	1 year
Mr. Anan Leetrakul	Independent Director	2012	2015	4 years
Mr. Suchart Thammapiatagkul	Independent Director	2003	2015	13 years
Prof. Uthai Tanlamai*	Independent Director	2016	2015	10 months
Ass.Prof. Kamales Santivejikul*	Independent Director	2016	2016	6 months
Dr. Charn Tharawas*	Independent Director	2016	2014	5 months

*Prof. Dr. Uthai Tanlamai was appointed by the Board of Directors' Meeting No. 2/2016 dated 15 March 2016.

Ass. Prof. Dr. Kamales Santivejikul was appointed by the Annual General Meeting of the Shareholders No. 1/2016 dated 25 April 2016.

Dr. Charn Tharawas was appointed by the Board of Directors' Meeting No. 4/2016 dated 9 August 2016.

- Self Assessment of the Board of Directors

In 2016, the Board resolved to agree on two types of self assessment: 1) self assessment by the full Board of Directors (Concise); 2) self assessment by the full committee. The objective was to bring the assessment results to improve the Board and committees' work practices with the following assessment criteria.



1. The self assessment by the full Board of Directors had four (4) issues: structure and qualifications of the Board of Directors; the Board of Directors' meetings; roles, duties and responsibilities; and others.

The Board, in all four (4) issues, scored 'Good' mostly with an average 'Good' score.

2. The self assessment by the full committee had three (3) issues: structure and qualifications of the committee; the committee meetings; and roles, duties and responsibilities.

All four (4) committees, which were the Executive Board, Audit Committee, Risk Management Committee and Nomination and Remuneration Committee, scored 'Good' in all three issues on average.

- Developments of Directors and Executives

The Board of Directors manages to provide knowledge and understanding in MFEC's businesses and its other operations for the Board's execution. Simultaneously, the policy is set to enrich new knowledge and aspects for all directors as a means to support their efficient implementation. The company secretary acts as the coordinator.

- Topics for acknowledgement: structures of businesses and directors, scope of work, authority, duties and legal issues required for acknowledgement.

- General business knowledge and direction for business operations.

In 2016, the Company restructured its Board, given resignation of some members. Three (3) new directors replaced the resigned ones. The new ones were Prof. Uthai Tanlamai, Ass. Prof. Dr. Kamales Santivejkul and Dr. Charn Tharawas. Chairman joined hand with the management to hold two (2) rounds of the orientation session which provided new directors knowledge and understanding of businesses and operations.

The first round of the orientation session was held on 31 May 2016 for two (2) new directors: Prof. Dr. Uthai Tanlamai; and Ass. Prof. Dr. Kamales Santivejkul.

The second round of the orientation session was held on 8 September 2016 for one (1) new director: Dr. Charn Tharawas.

In 2016, Chairman received training on the Role of Chairman Program (RCP) by Thai Institute of Directors (IOD). Two (2) new independent directors and Internal Audit Director attended a seminar for audit committees on 'AC Hot Update' to cope with new generation of corporate governance for sustainability. The event was jointly organized by Federation of Accounting Professions, the Securities and Exchange Commission, the Stock Exchange of Thailand and IOD. This was to assure the Board members to perform their duties with knowledge and capabilities, and develop the organization to grow with sustainability. The following training details were summarized together with IOD.

Director/Executive	Course	Year of Training
1. Mr. Sirisak Tirawattanagkul* Chairman	- Directors Accreditation Program (DAP 93) - Role of the Chairman Program (RCP 39)	2011 2016
2. Mr. Kiyotaka Nakamura Vice Chairman	- Directors Accreditation Program (DAP 115)	2015
3. Mr. Siriwat Vongjarukorn Director/ Chief Executive Officer	- Directors Accreditation Program (DAP 9) - Directors Certification Program (DCP 42)	2004 2004

Director/Executive	Course	Year of Training
4. Mr. Thanakorn Chalee Director/Chief Operating Officer	- Directors Accreditation Program (DAP 120) - How to Develop Risk Management Plan (HRP 8)	2015 2015
5. Mr. Anan Leetrakul Independent Director/ Chairman of Nomination and Remuneration Committee	- Directors Certification Program (DCP 22) - Role of the Compensation Committee (RCC 6)	2002 2008
6. Mr. Suchart Thammapiatagkul Independent Directors/ Chairman of Audit Committee	- Directors Accreditation Program (DAP 27) - Directors Certification Program (DCP 60) - Role of The Compensation Committee (RCC 11)	2004 2005 2010
7. Prof.Dr. Uthai Tanlamai* Independent Director/Member of Audit Committee/ Chairman of Risk Management Committee	- Directors Accreditation Program (DAP 34) - Directors Certification Program (DCP 59) - Financial Statements for Directors (FSD 17)	2005 2005 2005
8. Ass.Prof.Dr. Kamales Santivejkul* Independent Director/Member of Audit Committee/ Member of Risk Management Committee/ Member of Nomination and Remuneration Committee	- Directors Certification Program (DCP 0)	2000
9. Dr. Charn Tharawas Independent Director/ Member of Nomination and Remuneration Committee	- Directors Accreditation Program (DAP 6) - Directors Certification Program (DCP 51)	2004 2004
10. Mr. Arm Siwadit Chief of Staff	- How to Develop Risk Management Plan (HRP 8)	2015
11. Ms. Siriporn Detnitirat Chief Financial Officer	- Strategic CFO in Capital Markets Program, 2 nd generation - Tax planning, dividend payment, share of profits by Dharmniti Auditing Company Limited	2016 2016

Remark: No. 1 - was the existing director and nominated for Chairman of The Board of Directors
No. 7 - No. 9 were new independent directors.
No. 11 was appointed to replace Ms. Waewta Suksanae who retired as Chief Financial Officer (CFO)

Committees

(All committees consisted of the Executive Board, Audit Committee, Risk Management Committee and Nomination and Remuneration Committee as described in the topic 'Organization Structure.')

Nomination and Appointment of Directors and High-level Executives

Nomination of Candidates for Directors/Independent Directors

In 2016, the Board of Directors resolved to establish the Nomination and Remuneration Committee which nominated qualified candidates who had various experience, skills and specific capabilities, and dedicated time and efforts on their duties to strengthen the Company's Board and committees for directors and independent directors, and also resolved that each director may perform as a director for not more than five (5) listed companies.

The Company provides an opportunity for minority shareholders to nominate qualified candidates in the Nomination and Remuneration Committee and, then, the list of qualified candidates will be forwarded to the Board of Directors' meeting for consideration. After that, the list will be presented to the Annual General Meeting of the Shareholders for consideration, approval and appointment as designated in the Articles of Association. The approval must be given by no less than half of the eligible shares present. One (1) shareholder is equivalent to one (1) share, eligible for one (1) vote. Each shareholder must use up his/her votes to elect one (1) individual or several individuals as a director/directors. Candidates who rank in order descending from the highest number of votes received shall be elected as the directors. The number of the Board members vacancies shall be equal to the number of vacancies determined at that time. In every AGM, one-third of total directors shall leave their positions. Those who are not independent directors may determine the number of directors to match with the proportion of shareholding in the Company, depending on the candidates' appropriateness and capabilities. (Nomination Procedures for Appointment of Directors are reported in 'Organization Structure,' Appointment and Removal of Directors.)

Nomination of Executives

The Executive Committee is responsible for nomination of executives who possess appropriate qualifications and experience.

1. Appointment of Chief Executive Officer/President shall be presented to the Nomination and Remuneration Committee prior to the Board of Directors' appointment.

2. Appointment of high-level executives from deputy directors and above shall be made, within the authorization, by the Executive Board.

3. Appointment of executives below deputy directors shall be made, within the authorization, by the Chief Executive Officer.

Supervision and Oversight of Subsidiaries' Operations.

As of 31 December 2016, MFEC held investment in 15 companies. Of total, 13 were subsidiaries MFEC owned more than 50% of their registered and paid-up capital and two (2) was its associate company. The details are described in Part 1, MFEC's Shareholding Structure.

The committees have had the mechanism to oversee and control the supervision, management and responsibility of its subsidiaries and corporations by having the policy to send the individual to be the company's representative. The management will consider and nominate the directors to the Board of Directors for consideration and approval. The individuals who have been appointed to be the directors of the subsidiaries shall perform their duty for the best benefit of such subsidiaries or associates.

Scope of Authority and Responsibility of the Directors / Executives that represent the Company are as follows:

1. Joint plan and set policies, directions, strategies, plan and organizational structure in consistency with economic conditions, competitive conditions in markets, and also in consistency with business conduct policies of the MFEC Public Company Limited.

2. Joint plan and determine annual business plan and budget to present to the Board of Directors of the MFEC Public Company Limited.

3. Direct the implementation of the managerial policy and guideline and business plans that have been approved.

4. Govern the disclosure of financial information and operating results, including transaction doing between the companies in the group and related parties, acquisition or disposal of assets or the Company's other major transactions doing to be fully complete and properly, using the information disclosure guideline and doing above transactions in accordance with the criteria of MFEC Public Company Limited.

5. Govern to have the circumspect and appropriate internal control system.

Hence, apart from supervision by representative, committee / executive that have been appointed by passing the resolution of the Board of Directors' Meeting to hold the position as the director of its subsidiaries / corporations, audit mechanism has been available by Internal Audit Department of the company. This will help audit/verify the internal control system of its subsidiaries and corporations to have adequate, circumspect and proper management in different fields. The Board of directors is reported for acknowledgement in another way.

Management of Inside Information Use

Apart from the measure as the legal requirement for management of inside information use, the company also has the policy and adheres to ethics, integrity and honesty in business conduct with our clienteles, business partners, investors and shareholders. We have set the company's ethical guideline for our executive directors and all level of staffs to adhere and implement in order to protect the disclosure of important news and information or bad faithfully or arbitrarily access of news and information source. Breaking this guideline is considered as a serious offence and there may be a disciplinary punishment.

The company's rule for the use of inside information that has not yet been disclosed for self or other people's benefits is as follows.

- Directors, executives, officers and employees of the Company shall keep the confidentiality and / or inside information of the company.
- Directors, executives, officers and employees of the Company shall not disclose the inside information of the company or exploit benefit for their own or other people's benefits either directly or indirectly and either with or without compensation.
- Directors, executives, officers and employees of the company shall not trade, transfer or be assigned any of the company's securities through the use of inside secret and/or information of the company and/or enter into doing any other transactions using secret and/or inside information of the company possibly causing damage to the company either directly or indirectly. This requirement is applied to those spouses and immature children of directors, executives, officers and employees of the company as well. Any person who contravenes such rule and regulation will be considered as a serious offence.

- Directors, executives, accountants, including their spouses and immature children are prohibited to use such inside information to trade or transfer or be transferred of the company's securities before the company's and the related companies' financial statements are published to public. (From April 15th until the date of reporting financial statement for the first quarter, from July 15th until the date of reporting financial statements for the second quarter, from October 15th until the date of reporting financial statements for the third quarter and from February 1st until the date of reporting the final financial statements of the year)

Apart from that, the directors and executives of the company are responsible for preparing the list of securities holding as well as reporting any changes in the shareholding of themselves, their spouses and immature children according to Section 59 of the Securities Act B.E. 2535 (1992) within specific period determined in the regulation on Security Holding Report. The executives are also required to send the copy of this report to the company in the same day of reporting to the Securities and Exchange Commission.

Remuneration for the Auditors

Audit fee

The remuneration for the auditors totaled 1,270,000 baht in 2016, the same rate in 2015. The rate included the audit fee following the promotional privileges provided by the Board of Investment (BOI). The auditors did not provide any other services to the Company and did not have any relationship and/or any stake with the Company/its subsidiaries/their executives/their major shareholders or other persons relevant to the above-mentioned persons.

MFEC had 13 subsidiaries: (1) PromptNow Company Limited; (2) Advance Intelligent Modernity Company Limited; (3) Modernform Integration Services Company Limited; (4) MIS Outsourcing Company Limited; (5) Business Application Company Limited; (6) Motif Technology Public Company Limited; (7) Soft Square 1999 Company Limited; (8) Khonkaen Softtech Company Limited; (9) Soft Plus Technology Company Limited; (10) Soft Professional Company Limited; (11) Sammok Software Company Limited; (12) K Soft Consulting Company Limited; and (13) Hongson Software Company Limited. Their audit fees combined totaled 2,082,000 baht. The rate included the audit fee following the promotional privileges provided by the Board of Investment (BOI). The auditors did not provide any other services to the Company and did not have any relationship and/or any stake with the Company/its

subsidiaries/their executives/their major shareholders or other persons relevant to the above-mentioned persons.

List of the Auditors for the Company/its Subsidiaries

1. Mr.ThanawutPiboonsawat, Auditor No. 6699 or
2. Ms.Sulalit Ardsawang, Auditor No. 7517 or
3. Mr.Peradate Pongsathiansak Auditor No. 4752

Other practices for the Good Corporate Governance

-None- Details of other practices for the good corporate governance are disclosed in MFEC's website www.mfec.co.th in the part "Supervision & Oversight" of "Investor Relations."

Audit fee for MFEC PCL.

Total fee for BOI



2016
1,270,000
2015
1,270,000

Audit fee for 13 subsidiaries including the audit fee for BOI



2016
2,082,000
2015
2,082,000

Other service fees



2016
-
2015
-

Remark:

1. In May 2016, MFEC Public Company Limited liquidated a portion of Promptnow Company Limited's shares. After the disposal, Promptnow is a company MFEC holds investment, instead of its subsidiary.
2. In December 2016, MFEC Public Company Limited made investment in a new subsidiary, PLAYTORIUM Solutions Company Limited.



Social Responsibility



MFEC was intensively aware of operating businesses with environmental and social responsibility, while having economic performance to connect its ultimate goals of sustainable development

MFEC was intensively aware of operating businesses with environmental and social responsibility, while having economic performance to connect its ultimate goals of sustainable development, support in social and environment aspects for a balance and sustainability. The corporate social responsibility, in 2016, upgraded the responsibility in accordance with business subject of creating shared value among the organization, society and environment systematically following three international guidelines.



Education

.....



Digital Learning Media

.....



Social and Environmental

.....

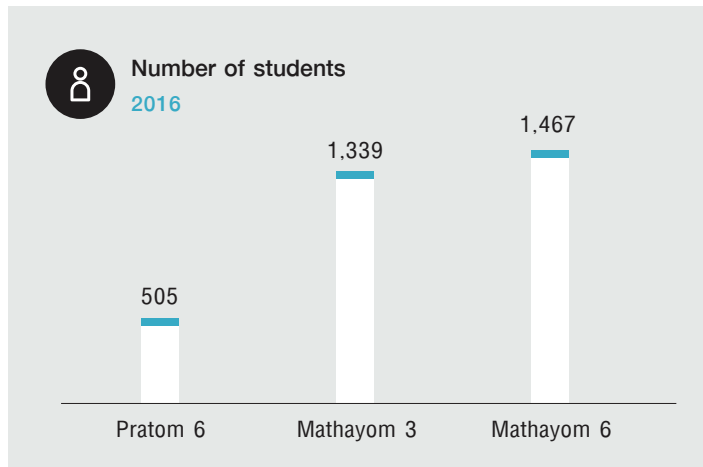


Volunteer

1. CSR after Process: The value creation for the society, which was separated from the organization's main businesses, came in the voluntary form, encouraging internal human resources to realize the social responsibility and assistance in each's expertise. Examples were build-up of habitats for fishes and crabs, growing mangrove forests, and teaming up together to assist girls at Thanyaporn Home for Girls.

2. CSR in Process: Environmental and Social Impacts were considered, while shared value was created for related external and internal stakeholders. In this regard, knowledge and capabilities were utilized and innovation was created for the benefits of the stakeholders, society and environment. An example was Community Test System (CTS).

3. CSR as Process: A foundation, called Pan Panya Foundation, was established to promote utilization of IT and computer system in enlarging education opportunities broadly and equally. The foundation was initiated from "Knowledge Capital Project" in 2014. The project for the society, led by MFEC Public Company Limited, delivered digital learning media for underprivileged children at primary and secondary levels in remote areas. Such digital learning media included e-Books, e-Tests and learning videos. All helped increase O-NET scores at free of charge.



To the 21st Anniversary with Sustainability.

Throughout 20 years of experience, MFEC has always stood by customers and the Thai society, performing as the leader in IT strategy consulting and design, system integration and IT professional services. The Company dedicated itself to develop quality products, provide excellent services, upgrade standards to the international level, based on the corporate governance extending from transparency to fair prices for all customers. Together, its human resources development and work safety were promoted for a sustainable growth.

To gain recognition on and easy access into its corporate social responsibility tasks, MFEC paid attention on preparation of the sustainability report following the Global Reporting Initiative (GRI) guidelines. The sustainability report, for the third consecutive year, provided performance information from January 1 to December 31, 2016. It was developed using the fourth generation of sustainability reporting guidelines. GRI G4 enabled the reporting process to create value to the organization with sustainability, while giving importance and coverage of all groups of stakeholders including shareholders or investors, customers, traders, communities, environment and society as a whole.



Remark:

For additional information of the Sustainability Report, please visit www.mfec.co.th or SD Report 2016 If the Company.

Three Directions of CSR Activities

CSR after process

CSR in process

CSR as process





Internal Control and Risk Management

Internal Control and Risk Management

All of three (3) Audit Directors attended the Board of Directors' Meeting No. 1/2017 dated 28 February 2017 and made comments on adequacy and appropriateness of the internal control system, based on the "Assessment Form for Adequacy of the Internal Control System." The Audit Committee inspected the internal control report and its recommendation focusing on operational audit for consistent efficiency and effectiveness. Monitoring and improvement were made in accordance with the audit report, while being forwarded to the Board of Directors on a regular basis. The results showed that the mandatory procedures were implemented and complied with the legal requirements and corporate governance policy. As per a discussion with the auditor, MFEC had standardized preparation of its financial statements according to the accounting standard with adequate internal control system.

In addition, the Board emphasized adequate risk management system with regular monitoring. The Risk Management Committee was established to review and approve risk management policy and its framework in all aspects for appropriate solutions. It assigned the Risk Management Team to follow up, oversee and analyze risk management at each unit's operational level on a daily basis. The results were reported to the Risk Management Committee and, then, were summarized and forwarded to the Board of Directors.

1. Organization Internal Control

MFEC establishes a certain, measurable business goal. Its annual budget is set, while key performance indicators are determined to create value and returns to the shareholders. Awareness, morale and ethics are built up inside the organization and the Code of Conducts is communities to all employees for acknowledgement and practices. All aim to fulfill customers' expectations in products and services with social responsibility for MFEC Group's sustainable growth. The Company has the policy to develop and retain quality management executives, assess work success and provide proper incentives.

The Board of Directors performs its duty to supervise and oversee the Company to set a certain, measurable business goal and review targets of performance with prudence. The Company's management structure comprises of five (5) committees: the Board of Directors; Executive Board; Audit Committee; Risk

Management Committee and Nomination and Remuneration Committee Member. Each committee is responsible for the shareholders with good moral and social responsibility.

The Company restructures itself to support the management's tasks and boost the internal control's efficiency. Major tasks are separated for an audit balance. An internal control unit is set to review all units' operational systems and report to the Audit Committee.

In respect to anti-corruption, the Company joined Thailand's Private Sector Collective Anti-Corruption (CAC).

2. Risk Assessment

The Board of Directors establishes the risk management policy as a key policy. It appoints the Risk Management Committee which consists of directors and top executives and the Risk Management Team which consists of representatives from all units and participates in setting the policy and risk management framework. All in the organization have a duty to assess both external risks and internal risks that affect the Company's goals and business operations. External risks include economic conditions, government policies and currency fluctuations. Responsible persons are determined in all work units, while heads of work units and all employees have the responsibility for risk management. Planning and measures for risk management are set, while risks that may affect the Company's goals and business operations are assessed. Monitoring is done for all units' risk management that must comply with the Company's strategic plans. All employees are provided with additional knowledge and understanding of risk management. The results are reported to the Risk Management Committee and the Executive Board, respectively.

3. Management Operational Control

The Board of Directors establishes four (4) committees: the Executive Board; Audit Committee; Risk Management Committee; and Nomination and Remuneration Committee. The followings are their scopes of work and duties delegated to supervise the management team.

- Set the scope of duties, the authority and approved cash limit of the management of all departments at all levels in the written document. The positions of the authorized persons

and the cash limit were determined in the written document with proper review.

- Set the policy, manuals, processes, procedures, and rules and regulations for all work units in the written document.
- Set criteria for performance evaluation

The Audit Committee reviewed and approved the annual audit plan to include all operational processes with risks. Thus, all stakeholders were assured that all work units set sufficient operational control activities in terms of finance, operations, and practices following rules and regulations. The Audit Committee considered key issues and problems found and, then, provided the management recommendations for improvement. Monitoring was set for a follow-up. In a case that the company had a transaction with a juristic person and another related or connected person that might bring any conflicts of interest, such transaction had to gain approval according to the company's regulations.

4. Information Systems and Data Communications

Detailed key information was sufficiently required to be forwarded to the Board for decision-making in its meeting agenda. An analytical report was prepared with related, additional document, and rules and regulations. The information was delivered seven days in advance. The Company Secretary coordinated and became the center to keep key documents including invitation letters to the Board and its minutes of meetings, invitation letters for shareholder meetings and their minutes of meetings. MFEC's shareholders were able to examine appropriateness of the directors' performance.

Package software was set as a tool for each unit's document administration system with safety system for key databases. Data authorization levels were set for the databases including documents to accounting records in all data and categories for transparency and complementary documents for operations. The Audit Committee jointly reviewed financial statements with the external auditor, the Internal Audit Department and relevant parties on a quarterly basis. This was to ensure that the company employed the accounting policy following the generally-accepted accounting standard with completeness and appropriateness of information disclosure.

5. Monitoring System

The company regularly monitors its performance to be as planned. In 2016, the company organized 7 meetings of the Board of Directors, 9 meetings of the Executive Board with monthly management meetings. The meetings aimed to oversee

and monitor the company and its subsidiaries' performance to be in compliance with their strategies and plans. Thus, problems that might arise could be solved and their operational plans could be adjusted to cope with changed situations once targets of their performances were missed.

Besides, the Office of Internal Audit formulates the Company and its subsidiaries' audit plans, according to the risk-based approach, that have opportunities and impacts on their missions, visions, goals, and strategies as set by the management in the development plan for attainment of objectives and main goals with efficiency and effectiveness. In 2016, the performance reports were forwarded to the Audit Committee in written document instantly after completing a task. The performance report was summarized on a quarterly basis.

Opinions of the Audit Committee

The results of the monitoring and evaluation of the adequacy of the internal control systems of the Company and its subsidiaries, the auditors has found no significant defects that affect the credibility of company's financial reports. Anyhow, the board of directors, the audit committees and the financial auditors of the company have agreed on the internal control system as stated in the attachment in the company's annual statement.

Internal Audit Director

In regard to the internal control and succession plan of key positions, the Board of Directors appointed Mr. Nathapol Kasemsud as Director of Internal Audit who supervises and oversees the MFEC Group's internal control. He shall perform audit tasks, build up confidence and give advice with independence and fairness for higher value, operational improvement and success as required by the objectives. Best practices and well-organized directions are employed to assess effectiveness of the risk management process, supervision and oversight as planned in the annual audit plan approved by the Audit Committee.

In the year of 2016, the Internal Audit Department performed its duty to audit the internal control system in relation with all units' operational process and give advice on planning the system, risk management, corporate governance, and training on knowledge for keys of the internal control system and risk management process. Recommendations were consistently provided to help the Board of Directors and other committees to monitor the company's performance efficiently. The main operations and key financial activities of the company and its subsidiaries were, thus, ensured with efficiency as determined

and achieved according to the policy and objectives set by the management. In addition, the company abided by the laws and other requirements related so that it could reach the excellence with the business ethics and internal control standard. This maintained the internal control's independence and quality, allowing the Internal Audit Department to liberally audit and balance. The audit results and recommendations were regularly reported to the Audit Committee in time.

In the Audit Committee's Annual Meeting No. 1/2017 on February 28th, 2017, the Internal Audit Department considered the Internal Audit Committee's performance and viewed that its duty brought high benefits to improvement and effectiveness for the organizational management. The performance of the Internal Audit Department will gain approval by the Audit Committee at its first meeting in the following year through annual discussion with the management. The criteria are described below.

- Comparison between the audit results and the annual audit plan.
- Internal Audit Department's independence for presentation/recommendations for auditing.
- Internal Audit Department's human resources development



Profile of Internal Auditing Director

Name	Mr.Nathapol Kasamsup	
Age	32 years	
Position	Director of Internal Audit	
Date/Month/Year of Appointment	December 2015	
Educational Background	<ul style="list-style-type: none"> • Master of Business Administration majoring industrial management, Ramkhamhaeng University • Bachelor of Accounting majoring in accounting, Bangkok University 	
Training Record	<ul style="list-style-type: none"> • Certified Professional Internal Audit of Thailand or CPIAT, Class 41 • Certificate “Internal Audit Practice”, Class 31 • Certificate “Tools and Techniques for Internal Auditors” and certificate for internal auditors, The Institute of Internal Auditors of Thailand • Certificate, Risk Management, Class 7, by Chulalongkorn University and Institute of Internal Auditors of Thailand • Certificate “Prospective Internal Audit : The Audit-Corruptions”, Thai Institute of Directors • Certificate “Read and Analyze Financial Statements, WASO Training Center 	
Working Experiences	2013 – Present	Internal Audit Director, MFEC Public Company Limited
	2012 – 2013	Internal Audit Manager, Mahapan Fiber Cement Public Company Limited
	2012	Internal Audit Manager, MFEC Public Company Limited
	2006 – 2012	Internal Audit Manager, Bangkok Glass Public Company Limited
	2005 – 2006	Internal Audit Officer, Kritsada Nakhon Public Company Limited
Member of Institute/Organization	<ul style="list-style-type: none"> - Member of The Institute of Internal Auditors of Thailand under Royal Patronage of His Majesty The King 	



Report on Responsibilities of the Board of Directors towards the Financial Report

The Executive Board supervised the preparation of the annualized financial statements ending 31 December 2016 in compliance with the Generally Accepted Accounting Principles, while establishing a proper policy which was regularly abided by. Given its consideration with prudence and accountability, the consolidated financial statements were thoroughly prepared with sufficiency of important information in notes to the financial statements.

The Board of Directors realized its responsibilities for supervision and oversight on efficiency of the financial statements. The Audit Committee consisting of experts with proper qualifications and independency was appointed and delegated with its tasks to be responsible for the financial statements' quality ranging from accuracy to completeness. The appropriate policy was employed and abided by on a regular basis, while regular reviews were made to witness the Company with sufficient and proper internal control system. Joint risk assessment was sufficiently and significantly done in order to prevent or mitigate risks that might arise from corruption or irregularities.

With regard to the guidelines, supervision and oversight on the preparation of the financial statements, the Board of Directors agreed that MFEC Public Company Limited's financial statements ending 31 December 2016 whose the auditor's notes were restructured demonstrated accurateness of its financial status and operational performance with accountability in compliance with the Generally Accepted Accounting Principles, and relevant laws and regulations.

(Mr. Sirisak Tirawattanangkul)

Chairman

(Mr. Siriwat Vongjarukorn)

Chief Executive Officer



The Audit Committee's Report

Dear Shareholders of MFEC Public Company Limited.

The Audit Committee consists of three (3) Independent Directors who specialize in laws, finance and organizational management. The Audit Committee performed its duties and responsibility as designated by the Board of Directors and the Audit Committee's charter in accordance with the rules and regulations of the Stock Exchange of Thailand.

The Audit Committee held 5 meetings in 2016, reporting progress to the Board of Directors in every quarter. Information on the committee members and their attendance to the meetings are as follow:

	Attended	Joint meeting with the Risk Management Committee
Mr.Suchat Thammakitakul Committee President	5/5 meetings	2 meetings
Prof.Uthai Tanlamai* Committee Member	3/5 meetings	1 meeting
Ass.Prof. Kamales Santivejkul* Committee Member	2/5 meetings	1 meeting

*They were appointed as the independent directors during the year.

In regard to the annual meeting on the performance, the Audit Committee discussed two (2) times with the Chief Executive Officer, the auditor and the internal auditors. The Audit Committee had two (2) meetings with the Risk Management Committee. In every meeting, the Audit Committee independently reported its opinions and recommendations in the following details.

Financial reports' accurateness, completeness and creditability

Quarterly and annual financial report for 2016 were reviewed with the management and auditors for approval. The audited financial statements were assuringly prepared in accordance with the generally accepted accounting principles, accounting standards and major accounting policy changes. Reviews were conducted on cross transactions between shareholders and subsidiaries or associated companies for integrity. It is critical for all to have confidence that the cross transactions followed normal business conditions for the highest degree of corporate benefits without any advantages to others, abided by applicable laws and regulations required by the Stock Exchange of

Thailand (SET). The Audit Committee also discussed with auditors to acknowledge auditing problems, while considering them and proposing its view on the audit plan and auditors' result before forwarding it to the Board of Directors.

Risk Management

The Audit Committee supervises the Company to have the properly standardized risk management system for efficiency and effectiveness. It acknowledged the previous year's risk management report and provided recommendations for improvement.

The internal control and Internal audit

The Audit Committee supervises and oversees the internal audit to follow the professional standard through the risk assessment and internal audit system - COSO. In addition, the committee reviews and gives approval on an annual audit plan based on business risks, and internal audit workforce and human resources development plans. It reviews audit results and provides recommendations to the Internal Audit Department and the management for work improvement.

Hence, the Audit Committee reviewed the audit results according to the planned auditing on key issues, based on the annual audit plan, while providing observations and forwarding the important issues to the Board of Directors for monitoring the management to expedite its work implementation in the issues as found by internal auditors.

Compliance with Requirements and Relevant Laws

The Audit Committee reviewed the Company's compliance with the securities and exchange laws, the Stock Exchange of Thailand (SET)'s requirements and related laws, while indicating sufficiency of MFEC's transactions that had to abide by the securities and exchange laws, the SET requirements and business-related laws.

Compliance with Anti-Corruption Measures

The Internal Audit Department reviewed MFEC compliance with the anti-corruption measures and reported the Audit Committee the risk assessment pertinent to internal corruption for acknowledgement of adequacy for projection and anti-corruption with efficiency as set in the policy.

Disclosure of Connected Transactions

The Audit Committee considered, reviewed, gave approval and disclose information and practices on connected transactions and related transactions among MFEC, its subsidiaries and the shareholders at stake that might bring conflicts of interests to MFEC before forwarding them to the Board of Directors for consideration and approval. Most of transactions, in 2016, were general businesses. The Company abided by the corporate policy and information disclosure following requirements of the Stock Exchange of Thailand.

Selection and Nomination of Auditor

The Audit Committee considered and satisfied with Dharmniti Auditing Company Limited's performance in the previous year. Dharmniti Auditing acted as the auditor for MFEC and its subsidiaries. Based on discussion with the auditor who reported the Audit Committee deficiency of the internal control found and practices following the accounting standard. Therefore, the Audit Committee agreed to present the Board of Directors to nominate the Board of Directors Mr. Thanawut Piboonsawat, Certified Public Accountant Registration No. 6699 or Ms. Sulalit Ardsawang, Certified Public Accountant Registration No. 7517 Mr. Peeradet Pongsathiensak, Certified Public Accountant Registration No. 4752 from Dharmniti Auditing to be MFEC's auditor. The annual audit fee was set at 1,270,000 baht, the similar rate as it was in 2015. The fee included the audit fee for the Board of Investment's promotional privileges. The auditor did not provide any other services to the Company and had no relation and/or stakes with the Company/ its subsidiaries/ executives/ major shareholders or any other persons related to the said persons.

Good Corporate Governance

Given a review of good corporate governance, the Board of Directors realizes the importance of good corporate governance and consistently monitors the progress on development process for good corporate governance and social responsibility. The management and the Internal Audit Department, under the Audit Committee's supervision and oversight, are responsible for supervision and oversight and manages to have assessment on corporate governance on an annual basis. The assessment result is disclosed in the Annual Report, "Corporate Governance."

Opinions on Performance following the Audit Committee Charter

Based on its self assessment in 2016, the Audit Committee performed its duties and responsibilities as specified in the Audit Committee Charter, sufficiently utilizing its knowledge, capabilities, caution, prudence and independence. It provided creative opinions and recommendations for equal benefits of stakeholders. In regard to reviews of preparation for financial statements and internal control, MFEC compliance with laws related to its businesses, selection and nomination of the auditor, consideration of connected transactions or transactions that may have conflicts of interests, review of the Audit Committee Charter and reporting of the Audit Committee, the assessment found that all were performed completely following the Charter.

The Audit Committee opined that MFEC managed to have accurate financial report in accordance with the generally accepted accounting principles. In addition, it had sufficient disclosure of connected transactions or transactions that might have conflicts of interests with sufficient risk management, proper and efficient internal control and internal audit. MFEC had accurate and complete compliance with the Stock Exchange of Thailand's laws and requirements, and related laws with continuous development for the Company's good corporate governance with sustainability.



Mr. Suchat Thammakitkul

Chairman of Audit Committee
28 February 2017



Report of Risk Management Committee

In 2016, the Board of Directors' Meeting No. 3/2016 dated 12 May 2016 resolved to appoint two (2) Independent Directors and two (2) Executive Directors as the Risk Management Directors in replacement of three (3) members who resigned. The appointed Risk Management Directors were Prof.Dr. Uthai Tanlamai - Chairman for the a Risk Management Committee, Mr. Siriwat Vongjarukorn - Risk Management Director, Ass. Prof. Dr. Kamales Santivejkul - Risk Management Director and Mr. Thanakorn Chalee - Risk Management Director. The term in office is two (2) years. They abided by the scope of responsibility delegated by the Board of Directors. Mrs. Varaporn Wisedsang acted as the secretary.

The Risk Management Committee, in 2016, held eight (8) meetings which were reported to the Board of Directors every quarter. The Risk Management Committee held two (2) joint meetings with the Audit Committee. The Risk Management Committee supervised and managed the organizational risks to the appropriate level under the good corporate governance, while supporting MFEC's Board of Directors. The Risk Management Committee performed its tasks in accordance with the Risk Management Committee Charter with prudence and accountability for MFEC's efficient risk management, assisting the organization to achieve the overall business target and ensure MFEC's all stakeholders. In the previous year, the following key tasks were delegated by the Board of Directors.

1. Review a draft for Risk Management Committee Charter with determination of the committee's elements, qualifications, remuneration, scope of work, duties, responsibilities, meetings, reporting and assessment which were forwarded to the Board of Directors' Meeting on 10 November 2016.

2. Consider the framework of risk management and screen risk factors that affected achievement of the organization's strategic target. Both internal and external risks were considered carefully. Advance warning indicators were applied as the key risk indicators with suggestion for the benefits of protection and caution.

3. Establish the Risk Management Group to improve the risk management framework and indicators at the organizational level, and monitor performance and progress of the management's risk management. This is to manage impacts from risks to an acceptable level and ensures the shareholders with MFEC's consistent and effective risk management, while supporting MFEC to achieve its targets.

4. Encourage risk training for executives, unit leaders and operational staff to raise their awareness and skills for risk analysis.

5. Have the Risk Management Working Group to report its performance to the Risk Management Committee for acknowledgement before forwarding the executive summary to the Board of Directors for acknowledgement.

6. Provide recommendations for the management to prevent risks and set their priorities, while considering future risks and setting a risk prevention plan.

(If any) Furthermore, MFEC's Board of Directors delegates more authorization and duty of the Risk Management Committee, allowing it to consider, screen and make comments on agendas with long-term obligations, business complexity and risks that may significantly affect MFEC Group before forwarding the agendas to MFEC board for further consideration (such as investment in startups or new business enterprises or increase of borrowings/investment in business enterprises).

Prof.Dr. Uthai Tanlamai

Chairman, Risk Management
Committee



Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been appointed by the Board of Directors in the Board of Directors' Meeting No. 3/2016 dated 12 May 2016. The committee comprises of three (3) independent, advisory directors: Mr. Anan Leetrakul as Chairman; Ass. Prof. Dr. Kamales Santivejku as Director; and Dr. Charn Tharawas as Director; and one (1) Executive Director: Mr. Siriwat Vongjarukorn. Its term is two (2) years. The Nomination and Remuneration Committee performs its duties following scope of work and responsibilities delegated by the Board of Directors. Mrs. Varaporn Wisedsang acts as the secretary. In 2016, the Nomination and Remuneration Committee held two (2) meetings, while performing its duties in reviewing the following, important tasks delegated by the Board with prudence and rationality.

1. Review the drafted Nomination and Remuneration Committee Charter and determine elements of the committee, its qualification, term in office, remuneration, scope of work, duties and responsibilities, meetings, reporting and assessment for the Board of Directors' approval in its meeting. The Charter took effect on 10 November 2016.

2. Nominate the Board of Directors qualified candidates from a variety of occupational fields following the legal requirements and others related such as the Public Company Limited Act, Securities and Exchange Act, Articles of Association and Good Corporate Governance. The candidates shall have proper knowledge and capabilities for businesses by considering necessary skills in shortage. Proper qualifications are analyzed that they must be in line with the Company's business strategies, while the Institute of the Thai Directors' director-pool database is additionally reviewed. Such qualified candidates must possess clean records and have no conflicts of interests with MFEC in the following purposes.

- Replace the Company's Board members who resign.
- Replace the subsidiaries' Board members who resign.

(If any) In 2016, MFEC's Board of Directors opened an opportunity for the minority shareholders to nominate suitable directorial candidates. None of the minority shareholders nominated them in the Annual General Meeting of the Shareholders in the year.

3. Establish the guidelines for assessment of the Board of Directors, committees and Chief Executive Officer.

4. Encourage, promote and open opportunities for the small shareholders to take part in the enterprise oversight, and have their comments on business operations and their nominations of agenda and directorial candidates in replacement of the directors who reach their due term. The Company invited the nominations through its website no less than 60 days in advance (during 6 December 2016 - 6 February 2017).

Mr. Anan Leetrakul

Chairman of Nomination
and Remuneration Committee



Independent Auditor's Report

To **The Shareholders and Board of Directors of
MFEC Public Company Limited**

Opinion

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

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of MFEC Public Company Limited and its subsidiaries as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of MFEC Public Company Limited as at December 31, 2016, and its financial performance and its 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 Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional

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

1) Goodwill

- Risk

The Company has goodwill of Baht 501 million or 15% of total assets as at December 31, 2016 which is the goodwill arising from investment in the subsidiary group Motive Technology Public Company Limited, Business Applications Company Limited and group of Soft Square 1999 Company Limited. The Company has to test goodwill for impairment annually in accordance with the Thai Financial Reporting Standards. The test of impairment is significant to the audit as the amount has materiality to the financial statements. In addition, the procedure of impairment testing by the management is complex and requires using considerable judgment as well as relying on assumptions especially estimates of future cash flows to be received and paid that are expected to generate from the continuing operation of the subsidiaries, and the use of appropriate discount rate in order to discount future cash flow which can change according to the economic conditions and market conditions in the future. The Company has disclosed goodwill in the notes to the financial statements No. 4.7 which describes the accounting policies and No. 14 which describes the amount of the allowance for impairment and key assumptions that may affect the impairment in the future.

- Risk response by the auditor

In my audit approach, I have considered the reasonableness of the assumptions and methods used by the management in calculating the estimates of future cash flows to be received and paid that are expected to generate by auditing the supporting evidence which presents the best estimate of the management, especially on the revenue forecast and gross profit and profit from operation of the subsidiary group, the use of appropriate discount rate to discount future cash flow, as well as testing the calculation of the recovery amount. In addition, I have paid attention on the adequacy of the disclosure relating to the assumptions which are most sensitive that may affect the testing result of impairment and has significant effect on the measurement of recovery amount of goodwill.

2) Revenue recognition that involves the service agreement

- Risk

The company group and Company have service income under the project development agreement for computer system for the year ended December 31, 2016 amounting to Baht 2,322 million and Baht 1,934 million, respectively, or 68.85% and 67.78 % of the total revenue of the company group and Company, respectively. The estimate of the item that involves the service under the project development agreement for computer system, has an effect on the revenue that the company group and Company recognized in the period which it has to recognize the service revenue by the percentage of completion method as at December 31, 2016. The company group defines the stage of completion by the service rate method that is rendered up to the present and the total service given by the project manager. Revenue from the service under the project development agreement is a significant amount compared to the total revenue of the company group and Company and it has effect on the balance amount and accounting transactions related to the project development agreement such as unbilled receivables, cost of work in process, deferred income, unbilled payable and cost of service. The process in preparing the report and financial budget for use within the company group and Company to estimate the outcome of the item that involves the service requires significant judgment of the management. It also requires to review the revenue estimate throughout the service period and correct the estimate as necessary. I have identified that revenue recognition pertaining to the service agreement carries significant risk and requires special attention in the audit. The company group has disclosed the accounting transactions on revenue recognition from the service rendered under the project development agreement in the notes to the financial statements No. 4, including to disclose the amount of revenue from rendering service under the project development agreement in the notes to the financial statements No. 29

- Risk response by the auditor

My audit approach on such matter includes auditing the process in preparing the report and financial budget that is used in defining the stage of completion of the transaction involving the service as at December 31, 2016 by the project manager, as well as auditing the measurement of the cost incurred and the cost to be incurred whether it reliably completes the transaction. I have considered it necessary to compare to the proportion of cost incurred as at December 31, 2016 and the total cost estimate to determine whether the stage of completion of the transaction by the project manager is reliable. Additionally, I have paid attention

on the adequacy of information disclosure of the business group relating to the accounting policy and the amount for revenue to be recognized from rendering service under the project development agreement for computer system.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company'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 and the Company'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 consolidated financial statements and separate 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 and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



Mr. Thanawut Piboonsawat

Certified Public Accountant
Registration No. 6699

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 28, 2017



The Statements Of Financial Position

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

		Consolidated Financial Statements		Separate Financial Statements	
Assets	Note	2016	2015	2016	2015
Current Assets					
Cash and cash equivalents	6	242,981,507	102,448,190	166,253,089	41,365,570
Short-term investments	7	708,478,425	257,556,211	612,670,322	172,950,073
Trade and other accounts receivable	8	635,707,186	1,028,611,558	461,196,033	887,980,020
Current portion of receivable under financial lease agreements	9	4,419,736	9,540,938	3,396,566	4,213,549
Amounts due from related parties	5	42,800	9,818,996	8,338,208	24,658,487
Unbilled receivables		422,569,926	373,400,289	383,236,897	276,592,491
Short-term loans to subsidiaries	5	-	-	622,124	4,000,000
Loans to related parties	5	746,663	746,663	746,663	746,663
Costs of work in process	10	508,099,144	542,292,622	436,726,675	488,476,875
Other current assets					
Prepaid expense		8,147,274	15,121,156	7,106,948	13,635,487
Undue input vat		6,532,909	7,408,354	1,598,300	6,821,429
Other		20,653,749	17,320,475	3,637,490	2,581,723
Total current assets		2,558,379,319	2,364,265,452	2,085,529,315	1,924,022,367
Non-Current Assets					
Pledged deposits at financial institutions	11	3,300,000	15,000,000	-	-
Long-term loans to subsidiaries	5	-	-	3,300,000	1,749,708
Investment in associated company	12	95,766,885	27,093,496	47,680,000	32,000,000
Investment in subsidiaries	13	-	-	789,200,001	840,626,607
Receivable under financial lease agreements	9	251,861	4,331,518	-	3,056,487
Property, plant and equipment	15	115,016,244	119,274,933	66,296,916	63,472,349
Goodwill	14	500,810,133	546,959,866	-	-
Intangible assets	16	26,563,903	30,723,455	24,713,854	10,230,959
Deferred tax assets	17	17,770,124	22,324,347	15,626,898	19,453,591
Other non-current assets		10,322,669	10,667,706	7,175,363	7,651,758
Total non-current assets		769,801,819	776,375,321	953,993,032	978,241,459
Total Assets		3,328,181,138	3,140,640,773	3,039,522,347	2,902,263,826



The Statements Of Financial Position (Cont.)

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

		Consolidated Financial Statements		Separate Financial Statements	
Liabilities And Shareholders' Equity	Note	2016	2015	2016	2015
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions	18	5,489,936	35,401,602	-	154,725
Trade and other accounts payable	19	591,554,138	526,489,303	503,969,066	497,548,135
Amounts due to related parties	5	69,342	-	712,145	4,827,040
Accrued expenses		171,282,525	182,951,932	156,816,359	163,540,063
Current portion of liabilities under financial lease agreements	20	3,520,125	4,181,470	2,121,047	2,694,696
Corporate income tax payable		-	1,138,398	-	-
Deferred income	5	306,073,277	225,213,236	268,256,499	189,029,509
Unbilled payable	5	165,661,150	148,511,903	151,203,372	132,685,840
Other current liabilities		40,455,294	44,157,849	20,194,529	26,765,453
Total current liabilities		1,284,105,787	1,168,045,693	1,103,273,017	1,017,245,461
NON-CURRENT LIABILITIES					
Liabilities under financial lease agreements	20	1,421,104	4,309,058	-	2,121,047
Deferred tax liabilities	17	1,704,798	1,744,111	-	-
Employee benefit obligations	21	57,248,563	50,880,354	42,051,693	34,687,209
Total non-current liabilities		60,374,465	56,933,523	42,051,693	36,808,256
TOTAL LIABILITIES		1,344,480,252	1,224,979,216	1,145,324,710	1,054,053,717



The Statements Of Financial Position (Cont.)

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

		Consolidated Financial Statements		Separate Financial Statements	
Liabilities And Shareholders' Equity (Cont.)	Note	2016	2015	2016	2015
Shareholders' Equity					
Share capital					
Authorised share capital					
441,453,555 ordinary shares of Baht 1 each		441,453,555	441,453,555	441,453,555	441,453,555
Authorised share capital					
Issued and fully paid share capital					
441,453,555 ordinary shares of Baht 1 each	23	441,453,555	441,453,555	441,453,555	441,453,555
Premium on ordinary shares		986,741,840	986,741,840	986,741,840	986,741,840
Retained earnings					
Appropriated - legal reserve	24	44,150,055	44,150,055	44,150,055	44,150,055
Unappropriated		502,743,507	422,995,813	420,375,344	375,769,815
Other components of equity					
Unrealized gain from available-for-sale investments		2,116,272	361,440	1,476,843	94,844
Total shareholder's equity of the parent company		1,977,205,229	1,895,702,703	1,894,197,637	1,848,210,109
Non-controlling interests		6,495,657	19,958,854	-	-
Total Shareholders' Equity		1,983,700,886	1,915,661,557	1,894,197,637	1,848,210,109
Total Liabilities And Shareholders' Equity		3,328,181,138	3,140,640,773	3,039,522,347	2,902,263,826



The Statements Of Comprehensive Income

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
Revenues	5				
Sales and services income		3,220,647,528	3,333,663,366	2,707,524,776	2,839,803,076
Dividend income	13,25	-	-	35,129,447	62,269,298
Gain from sales of investment in subsidiary	13	112,071,427	-	72,724,400	-
Other income		39,674,862	48,666,362	37,763,790	45,933,252
Total revenues		3,372,393,817	3,382,329,728	2,853,142,413	2,948,005,626
Expenses	5				
Cost of sales and services		2,527,190,949	2,539,589,000	2,154,606,877	2,225,878,627
Selling expenses		106,825,304	124,158,463	89,022,512	104,313,440
Administrative expenses		329,408,889	355,035,543	272,109,124	286,339,523
Loss from impairment of assets	13,14	46,149,732	16,000,000	43,301,606	16,000,000
Management benefit expenses		84,666,358	85,899,068	54,154,655	52,848,959
Finance costs		3,037,286	5,577,079	1,588,509	3,379,940
Total expenses		3,097,278,518	3,126,259,153	2,614,783,283	2,688,760,489
Share of profit (loss) of associates	12	2,687,788	(1,700,514)	-	-
Profit before income tax expense		277,803,087	254,370,061	238,359,130	259,245,137
Income tax expense	26	55,354,310	52,144,777	50,491,518	43,678,102
Profit for the year		222,448,777	202,225,284	187,867,612	215,567,035
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains on defined employee benefit plan, net of tax	21	3,442,868	1,089,094	2,414,290	-
		3,442,868	1,089,094	2,414,290	-
Items that may be reclassified subsequently to profit or loss					
Gain (loss) on remeasuring available-for-sale investment, net of tax		1,754,832	117,230	1,381,999	94,844
		1,754,832	117,230	1,381,999	94,844
Other comprehensive income for the year, net of tax		5,197,700	1,206,324	3,796,289	94,844
Total comprehensive income for the year		227,646,477	203,431,608	191,663,901	215,661,879



The Statements Of Comprehensive Income (Cont.)

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Note	2016	2015	2016	2015
Profit (loss) attributable to					
Owner of the parent company		221,766,295	196,533,225	187,867,612	215,567,035
Non-controlling interests		682,482	5,692,059	-	-
		222,448,777	202,225,284	187,867,612	215,567,035
Total comprehensive income (expense) attributable to					
Owner of the parent company		227,178,899	197,739,549	191,663,901	215,661,879
Non-controlling interests		467,578	5,692,059	-	-
		227,646,477	203,431,608	191,663,901	215,661,879
Earnings per share					
Basic earnings per share of the parent company	28	0.50	0.45	0.43	0.49



The Statements Of Changes In Shareholders' Equity

MFEC Public Company Limited And Its Subsidiaries
As At December 31, 2016

(In Baht)

Consolidated Financial Statements									
	Note	Shareholders' equity of the parent company						Non-controlling interests	Total
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components			
				Appropriated - Legal reserve	Unappropriated	Unrealized gain (loss) from available-for-sale investments	Total		
Balance as at January 1, 2015		441,453,555	986,741,840	44,150,055	446,100,222	244,210	1,918,689,882	15,266,855	1,933,956,737
Dividend	25	-	-	-	(220,726,728)	-	(220,726,728)	(1,000,060)	(221,726,788)
Comprehensive income									
Profit (loss) for the year		-	-	-	196,533,225	-	196,533,225	5,692,059	202,225,284
Other comprehensive income (expense) for the year		-	-	-	1,089,094	117,230	1,206,324	-	1,206,324
Balance as at December 31, 2015		441,453,555	986,741,840	44,150,055	422,995,813	361,440	1,895,702,703	19,958,854	1,915,661,557
Loss of control in subsidiary	13	-	-	-	-	-	-	(13,305,715)	(13,305,715)
Non-controlling interests increased due to investment in a subsidiary		-	-	-	-	-	-	375,000	375,000
Dividend	25	-	-	-	(145,676,373)	-	(145,676,373)	(1,000,060)	(146,676,433)
Comprehensive income									
Profit (loss) for the year		-	-	-	221,766,295	-	221,766,295	682,482	222,448,777
Other comprehensive income (expense) for the year		-	-	-	3,657,772	1,754,832	5,412,604	(214,904)	5,197,700
Balance as at December 31, 2016		441,453,555	986,741,840	44,150,055	502,743,507	2,116,272	1,977,205,229	6,495,657	1,983,700,886

Notes to financial statements form an integral part of these statement



The Statements Of Changes In Shareholders' Equity (Cont.)

MFEC Public Company Limited And Its Subsidiaries
As At December 31, 2016

Separate Financial Statements							(In Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total
				Appropriated - legal reserve	Unappropriated	Unrealized gain from available -for-sale investments	
Balance as at January 1, 2015		441,453,555	986,741,840	44,150,055	380,929,508	-	1,853,274,958
Dividend	25	-	-		(220,726,728)	-	(220,726,728)
Comprehensive income							
Profit for the year		-	-	-	215,567,035	-	215,567,035
Other comprehensive income for the year		-	-	-	-	94,844	94,844
Balance as at December 31, 2015		441,453,555	986,741,840	44,150,055	375,769,815	94,844	1,848,210,109
Dividend	25	-	-	-	(145,676,373)	-	(145,676,373)
Comprehensive income							
Profit for the year		-	-	-	187,867,612	-	187,867,612
Other comprehensive income for the year		-	-	-	2,414,290	1,381,999	3,796,289
Balance as at December 31, 2016		441,453,555	986,741,840	44,150,055	420,375,344	1,476,843	1,894,197,637

Notes to financial statements form an integral part of these statement



The Statements Of Cash Flows

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit for the year	222,448,777	202,225,284	187,867,612	215,567,035
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:				
Depreciation and amortization	46,642,979	62,707,255	34,854,487	45,967,017
(Gain) loss on sales and written off of equipment and intangible assets	1,479,301	1,042,333	2,203,441	1,103,988
Unrealized (gain) loss on exchange rate	(1,917,515)	(2,443,786)	(2,113,207)	(2,529,564)
(Gain) loss on sales of short-term investment	(2,044,941)	(1,372,942)	(1,592,750)	(926,971)
Bad debt and allowance for doubtful accounts (reversal)	(25,447)	7,490	(90,700)	(32,100)
Allowance for obsoleted inventories (reversal)	2,377,275	(7,850)	2,425,462	-
Loss from written off for cost of work in process	103,726	-	-	-
(Gain) from sales of investment in subsidiary	(112,071,427)	-	(72,724,400)	-
Allowance from impairment of investment and goodwill in subsidiaries (reversal)	46,149,733	16,000,000	43,129,190	17,445,292
Loss from written off for other asset	-	902,772	-	-
Provision for delayed penalty	400,000	4,930,000	400,000	-
Reserve for potential loss of service income	12,190,241	1,254,600	-	1,254,600
Loss from written off for not refunded withholding tax	381,871	-	380,561	-
(Gain) from written off of liabilities	-	(269,655)	-	-
Dividend income	-	-	(35,129,447)	(62,269,298)
Interest income	(1,053,188)	(2,589,654)	(1,041,910)	(1,978,466)
Employee benefit obligation expenses	14,346,714	11,897,610	10,898,953	8,804,332
Finance cost	1,604,309	4,326,045	248,336	2,376,668
Share of (profit) loss of associates	(2,687,788)	1,700,514	-	-
Income tax expense	55,354,310	52,144,777	50,491,518	43,678,103
Income from operating activities before changes in operating assets and liabilities	283,678,930	352,454,793	220,207,146	268,460,636



The Statements Of Cash Flows (Cont.)

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
(Increase) decrease in operating assets				
Trade and other accounts receivable	363,488,053	203,600,529	416,370,189	192,214,560
Receivable under financial lease agreements	9,200,859	31,211,630	3,873,470	11,053,069
Amounts due from related parties	9,578,043	(9,624,256)	16,197,893	(23,165,292)
Unbilled receivables	(95,341,566)	207,852,153	(106,644,406)	233,955,843
Costs of work in process	17,939,732	44,420,647	44,134,086	71,175,305
Other current assets	18,020,186	886,501	13,958,079	(3,595,865)
Other non-current assets	(109,510)	(1,983,908)	476,395	(2,820,029)
Increase (decrease) in operating liabilities				
Trade and other accounts payable	65,786,583	(52,309,126)	5,264,243	(50,181,269)
Amounts due to related parties	2,627,179	-	(4,114,895)	(5,541,922)
Accrued expenses	(11,439,335)	14,040,796	(6,723,704)	10,629,416
Deferred income	81,997,905	(11,138,699)	79,226,990	(17,634,992)
Unbilled payable	21,204,026	18,066,713	18,517,532	(1,378,628)
Other current liabilities	(4,497,009)	4,039,938	(6,970,924)	4,895,015
Employee benefit obligations paid	(2,376,606)	(992,250)	(516,606)	-
Cash received (paid) from operating	759,757,470	800,525,461	693,255,488	688,065,847
Withholding tax received	24,329,005	6,946,441	23,404,472	-
Cash paid for corporate income tax	(72,659,150)	(63,359,541)	(60,966,716)	(53,122,293)
Net cash from provided by (used in) operating activities	711,427,325	744,112,361	655,693,244	634,943,554
Cash flows from investing activities				
Decrease in pledged deposits at financial institutions	11,700,000	679,343	-	-
Cash paid for purchase of short-term investments	(1,461,444,885)	(1,250,610,684)	(1,264,000,000)	(1,085,000,000)
Cash received from sale of short-term investments	1,014,710,316	1,050,481,114	827,600,000	913,095,453
Cash paid for purchase of investment in subsidiary	-	-	(875,000)	-
Cash received from sales of investment in subsidiary (net from cash sale)	78,026,130	-	78,044,400	-
Cash paid for increase of capital in associated company	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
Cash paid for short-term loans to associated company	-	(2,000,000)	-	(2,000,000)
Cash received from short-term loans to associated company	5,000,000	5,000,000	-	5,000,000
Cash received from short-term loans to subsidiaries	-	-	5,000,000	2,500,000
Cash paid from short-term loans to subsidiaries	-	-	(3,000,000)	(500,000)



The Statements Of Cash Flows (Cont.)

MFEC Public Company Limited And Its Subsidiaries
As At December 31, 2016

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash received from loans to related parties	80,000	-	80,000	-
Cash received from sales of equipment	1,744,624	4,023,205	809,653	1,873,749
Cash paid for purchase of property, plant and equipment	(37,115,592)	(31,453,876)	(34,056,870)	(20,759,198)
Cash paid for purchase of intangible assets	(16,305,782)	(3,588,485)	(15,927,521)	(1,633,308)
Cash received from dividend	-	-	35,129,447	62,269,298
Cash received from interest income	1,112,578	2,616,621	1,164,296	2,058,398
Net cash from provided by (used in) investing activities	(414,492,611)	(236,852,762)	(382,031,595)	(135,095,608)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(3,775,628)	(364,947,069)	(154,725)	(354,070,960)
Financial lease agreements paid	(4,276,049)	(6,752,310)	(2,694,696)	(2,629,587)
Dividend paid	(146,676,433)	(221,726,788)	(145,676,373)	(220,726,728)
Interest paid	(1,673,287)	(4,486,205)	(248,336)	(2,655,114)
Net cash provided by (used in) financing activities	(156,401,397)	(597,912,372)	(148,774,130)	(580,082,389)
Net increase (decrease) in cash and cash equivalents - net	140,533,317	(90,652,773)	124,887,519	(80,234,443)
Cash and cash equivalents - beginning of year	102,448,190	193,100,963	41,365,570	121,600,013
Cash and cash equivalents - ending of year	242,981,507	102,448,190	166,253,089	41,365,570
Supplementary disclosures of cash flows information:				
1) Cash and cash equivalents consisted of :				
Cash on hand	254,000	249,000	40,000	45,000
Cash at banks	242,727,507	102,199,190	166,213,089	41,320,570
	242,981,507	102,448,190	166,253,089	41,365,570

- The 2016 and 2015, the Company transferred costs of work in process-net amount of Baht 5.18 million and Baht 2.69 million to be property, plant and equipment and intangible assets, respectively.
- The 2016 and 2015, the subsidiary purchase motor vehicle by hire purchase agreement of Baht 0.73 million and Baht 1.38 million, respectively.



Notes To Financial Statements

MFEC Public Company Limited And Its Subsidiaries

As At December 31, 2016

1. General Information

(a) Legal status and address

MFEC Public Company Limited is a public company incorporated and domiciled in Thailand.

The address of its registered office is as follows:

699 Modernform Tower, Srinakarind Road, Suan Luang, Bangkok.

(b) Nature of the Company's business

Its principal activities are sales of computer, computer system, system implementation, maintenance service program development and provision of related services.

2. Principles Of Preparation And Presentations Of Financial Statements

2.1 The accompanying consolidated financial statements include the accounts of MFEC Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company.

Company's name	As at December 31, 2016		As at December 31, 2015		Principal activities
	Percentage of shareholding (%)	Paid-up capital (Million Baht)	Percentage of Shareholding (%)	Paid-up capital (Million Baht)	
Subsidiaries held by the Company					
Promptnow Company Limited	-	-	60.00	15.00	Creates entertainment media for electronics devices
Advance Intelligence Modernity Company Limited	60.00	10.00	60.00	10.00	Development and sale of computer software, particularly entertainment media
Modernform Integration Services Company Limited (***)	99.99	64.10	99.99	64.10	Sale of computer and provision of related services
(***) Subsidiaries held by Modernform Integration Services Company Limited					
M.I.S. Outsourcing Company Limited	80.00	5.00	80.00	5.00	Personnel recruitment and IT system maintenance
Business Applications Company Limited	99.99	10.00	99.99	10.00	Selling and developing computer programs, including the relevant services.
Motif Technology Public Company Limited	99.99	80.00	99.99	80.00	Being a consultant for designing the network systems and developing computer programs.

Company's name	As at December 31, 2016		As at December 31, 2015		Principal activities
	Percentage of shareholding (%)	Paid-up capital (Million Baht)	Percentage of Shareholding (%)	Paid-up capital (Million Baht)	
Hongson Software Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems and developing computer programs.
Soft Professional Company Limited	99.99	5.00	99.99	5.00	Principally engaged in the software business and received the investment promotion.
Soft Plus Technology Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems and computer programming.
K Soft Consulting Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems, computer programming, model development and website designing services.
Sammok Software Company Limited	99.99	3.00	99.99	3.00	Principally engaged in the software business and received the investment promotion.
Soft Square 1999 Company Limited (***)	99.99	30.00	99.99	30.00	Providing the consulting services, designing the working systems, computer programming and selling the computer equipment.
(***) Subsidiaries held by Soft Square 1999 Company Limited					
Khonkaen Softtech Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems, computer programming and data processing services by computer.
Playtorium Soultions Company Limited	70.00	1.25	-	-	Consulting, system design and development of information system and personnel recruiting to work in the projects.

Significant change in the subsidiaries in during year 2016

1) On May 12, 2016, the Company has sold partial ordinary shares held in Promptnow Co.,Ltd. for 40 percent of the total ordinary shares of Promptnow. As a result, the Company's shareholding stake in Promptnow Co.,Ltd. is 20 percent of the total ordinary shares of Promptnow. After the sale of these shares, the Company has lost controlling power due to the change of Promptnow status from

formerly as a subsidiary to an associated company of the Company. Therefore, the Company has prepared the consolidated financial statements by consolidating Promptnow's financial statements for the period from January 1, 2016 to May 12, 2016. After such date, the Company has prepared the consolidated financial statements that present investments in associate Promptnow by the equity method.

2) According to the resolution of the Board of Directors' Meeting No.9/2016 held on December 6, 2016, it was approved to invest in Playtorium Soultions Company Limited which was established on December 15, 2016 with the registered capital of Baht 5 million. The Company has the shareholding proportion 70% of the total ordinary shares of Playtorium Soultions Company Limited.

2.2 The percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows:

	Percentage of total assets included in consolidated the statements of financial position as at		Percentage of total revenues included in consolidated the statements of comprehensive income for the year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Subsidiaries				
Promptnow Company Limited	-	2.66	0.25	1.96
Advance Intelligence Modernity Company Limited	0.11	0.07	0.13	0.02
Modernform Integration Services Company Limited	2.04	1.71	0.74	0.99
Business Applications Company Limited	2.56	2.52	3.74	4.05
Motif Technology Public Company Limited	5.23	4.55	6.95	2.87
Hongson Software Company Limited	0.23	0.14	0.05	-
Soft Professional Company Limited	0.41	0.72	0.22	0.59
Soft Plus Technology Company Limited	0.02	0.15	-	-
K Soft Consulting Company Limited	0.12	0.21	-	-
Sammok Software Company Limited	0.16	0.19	0.03	0.03
Soft Square 1999 Company Limited	2.87	2.61	2.15	2.25
Subsidiaries held by Modernform Integration Services Company Limited				
M.I.S. Outsourcing Company Limited	1.90	1.47	3.22	2.19
Subsidiaries held by Soft Square 1999 Company Limited				
Khonkaen Softtech Company Limited	0.36	0.49	0.20	0.38
Playtorium Soultions Company Limited	0.04	-	-	-

2.3 The Company is deemed to have control over an investee or subsidiaries 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.

2.4 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

2.5 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investment balance in the Company's books and share capital of the subsidiaries are eliminated from the consolidated financial statements.

2.6 Investments in subsidiaries (at cost) and fair value of the subsidiaries at the date of acquisition have been offset and the difference there of has been shown as asset under the heading of "Goodwill" and to consider impairment loss.

2.7 Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control.

2.8 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

3. Basis For Preparation And Presentation Of The Financial Statement

3.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 such financial statements in Thai language.

3.2 The new and revised accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2016 are as follows:

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting

TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-Based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015)
	Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Company and its subsidiaries evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

4. Significant Accounting Policies

4.1 Revenue and expense recognition

Revenues from sales

Revenues from sales are recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Revenues from sales are presented by the value of goods which are delivered after deducting trade discounts in accordance with prices shown on the invoice exclusive of VAT.

Revenues from service

Revenues from service for the system implementation and contract develop system are recognized when the service has been rendered on the basis of percentage of completion. The revenue from unbilled service which has already been rendered is presented under the caption of "Unbilled receivable" in the statement of financial position. The revenue received before it is earned or before service is rendered is presented as "Deferred income" in the statement of financial position.

The revenue from providing equipment maintenance service is recognized by the period of service in the service agreement using the straight line method.

Revenue of service contract other is recognized when the service.

Cost of service

Cost of service is recognized when the service has been rendered in accordance with the percentage of work completed based on the total estimated costs. The difference between the estimated costs and the actual costs are recognized as "cost of works in process" and "unbilled payable" in the statement of financial position.

A loss provision for the project is provided in full when it is certain that the project will incur loss.

Interest income

Interest income is recognized as income on the accrual basis based on the effective rate method.

Dividends

Dividends are recognized as income when having the rights to receive the dividends.

Other income and other expenses

Other income and other expenses are recognized on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and highly liquid short-term investment with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and allowance for doubtful

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. This allowance is generally based on individual collection experience and analysis of debtor aging.

4.4 Costs of works in process

Costs of works in process is valued at the lower of cost or net realizable value, the cost by specific method. Cost consists of cost of goods, materials, cost of labor, cost of subcontract work and other related expenses.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the goods, such as import duties, transportation charges and other direct costs incurred in acquiring the goods less all trade discounts, allowances or rebates.

The net realizable value of costs of works in process is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the delivery.

Finished goods

Finished goods are valued at the lower of cost (specifically and average method) or net realizable value. Allowance for obsolete inventories is made for slow-moving and obsolete stocks.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

4.5 Investment in associates

Associates are all entities over which the Company has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are stated at cost net from allowance on decline in value (if any).

4.6 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements. The Company recognizes gain or loss on sale in the statement of income in the period which sale of investment occurred. In the case of impairment on investment, the Company will recognize loss from impairment of investment as expense in the statement of comprehensive income. The Company recognizes dividends receive when the subsidiaries announce paid dividends.

4.7 Goodwill

Goodwill represents the excess of the cost of investment over the fair value of investment, which the Company shares in the net identifiable assets of the subsidiary or associate at the date of acquisition. Goodwill on acquisition of a subsidiary is presented as a separate line in the consolidated financial statement. Goodwill on acquisition of an associate is included in investments in associates and is tested for impairment as part of the overall balance.

The goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment of goodwill is determined by calculating the realizable value based on the value-in-use calculation or fair value less costs to sell. Such calculation requires the use of estimates made by management. The allowance for impairment loss on goodwill is not reversed.

As for the cost of acquiring an investment that is lower than the fair value of the share of net assets of the subsidiary, the difference is negative goodwill and will be recognized immediately in the statement of comprehensive income.

4.8 Investments in debt securities and marketable equity securities

1. Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the statements of comprehensive income.

2. Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholder's equity, and will be recorded as

gains or losses in the statement of comprehensive income when the securities are sold.

3. Investments in debt securities held to maturity are recorded at amortized cost by the effective rate method with the amortized amount presented as an adjustment to the interest income.

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.

4.9 General investments

Investments in non-marketable equity securities are general investments, which are stated at cost net from allowance on impairment (if any).

The Company records the loss on impairment (if any) of these investments in the statement of comprehensive income.

On disposal of an investment, the difference between the net proceeds and the book value of the investment is recognized as income or expense in the statement of comprehensive income. If partial investments are sold, the book value of the investment is determined by the weighted average method.

4.10 Properly, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Building	50	years
Leasehold improvements	5	years
Office furniture	5	years
Tools and office equipment	3 - 5	years
Equipment and software project	5	years
Motor vehicles	5	years

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on

the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

4.11 Intangible assets

Intangible assets that are acquired by the Company with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

The cost of an internally generated intangible asset comprises all directly attributable cost necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software	5	years
Deferred System software of the project	5	years
Cost of research and development	3 - 5	years
Software games download	3 - 6	years

The useful lives are reviewed by the Company every year.

The amortization is included in the determination of income.

Research expenditure is recognized as expense when incurred. Intangible assets involved in new product and service design and development are recognized as assets when it is probable about the success of the project as well as feasible in terms of commerce and technology. Other development expenditure is recognized as expense when incurred.

4.12 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

4.13 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4.14 Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Leases payments under an operating lease are recognized as an expense on a systematic basis over the lease term.

4.15 Financial leases

The Company and its subsidiaries record assets under finance leases as assets and liabilities at the amounts equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease agreements. The interest charge is recorded to the different periods over the entire lease term based on the remaining balance of payable under financial lease agreement in each period.

4.16 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the statement of financial position date are translated into Baht at the rates ruling on the statement of financial date.

Exchange gains and losses are included in determining earnings.

4.17 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized

in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell. In determining fair value 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 could obtain from the disposal of the asset in an arm's length transactions between knowledgeable, willing parties, after deducting the costs of disposal.

4.18 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

4.19 Income tax

Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company and two subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2016, year 2015 : 20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and the Company and two subsidiaries is exempted from corporate income tax on net profit of investment.

The five subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2016, year 2015 : 20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

The six subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code. Income tax is calculated at the tax rates from net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and the subsidiaries is exempted from corporate income tax on net profit of investment. Income tax is calculated at the rates as follows.

Net profit before income tax (Baht)	Tax rate	
	2016	2015
1 - 300,000	0%	0%
300,001 - 3,000,000	10%	10%
More than 3000,000	10%	10%

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have

future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

4.20 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining the statement of comprehensive income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the term of the agreement.

4.21 Provision

A liability provision is recognized when there is a present obligation which arises as a result of a past event and 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.

4.22 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting the amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

4.23 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

Diluted earnings per share is computed by dividing profit for

the year by the aggregate amount of weighted average number of ordinary shares which are issued during the year and the weighted average number of ordinary shares which the Company may have to issue for conversion of warrants to ordinary shares.

4.24 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

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.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Property, plant and equipment/Depreciation

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

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

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

In recording the initial recognition and measurement of goodwill as at the acquired date and subsequent impairment testing, the

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 and fair value less costs to sell

Deferred tax assets

Deferred tax assets are recognized 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 utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated 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.

Litigation

The Company has contingent liabilities as a result of litigation. The management has displayed judgement to assess the results of the litigation and believed that no loss will result. Therefore, no

contingent liabilities are recorded as at the end of the reporting period.

Estimated fines from delay delivery

The Company has the provisions that arise from claiming for damages of the delay delivery computer software system development. The management uses judgment to estimate the fines according to contract and takes into account the duration of the delay occurred. It ensures that there will be damage occurs on the estimated fines from delay delivery until recorded on such provisions as at the date in financial statements. However, the actual results may differ from the estimates provided.

5. Related Party Transactions

During the year, the Company had significant business transactions with its subsidiaries (which have already been eliminated in the preparation of interim consolidated financial statements) and related companies (related by ways of common shareholders and/or common directors). These transactions follow the trade terms and rules agreed between the Company and those companies in the normal course of business.

Detail of relation between the Company and its related parties and companies are summarized as follow:

Company's name	Country of incorporation	Type of relation
Promptnow Company Limited	Thailand	Subsidiary from May 12, 2016 the status of such company changed from the subsidiary to the associate company with 20% shareholding
Advance Intelligence Modernity Company Limited	Thailand	Subsidiary
Modernform Integration Services Company Limited	Thailand	Subsidiary
M.I.S. Outsourcing Company Limited	Thailand	Subsidiary held by Modernform Integraion Service Company Limited
Motif Technology Public Company Limited	Thailand	Subsidiary
Business Applications Company Limited	Thailand	Subsidiary
Soft Square 1999 Company Limited	Thailand	Subsidiary
Khonkaen Softtech Company Limited	Thailand	Subsidiary held by Soft Square 1999 Company Limited
Soft Plus Technology Company Limited	Thailand	Subsidiary
Soft Professional Company Limited	Thailand	Subsidiary
Sammok Software Company Limited	Thailand	Subsidiary
K Soft Consulting Company Limited	Thailand	Subsidiary
Hongson Software Company Limited	Thailand	Subsidiary
Playtorium Soultions Company Limited	Thailand	Subsidiary
TIS Inc.	Japan	Shareholders and co-directors
Panjaluck Pasuk Company Limited	Thailand	Shareholders and co-directors
Angstrom Solutions Company Limited	Thailand	An associate company with 40% shareholding by the Company

Significant transaction with related companies for the year ended December 31, 2016 and 2015, as follows:

(Million Baht)

	Consolidated Financial Statements		Separate Financial Statements		Pricing policy
	For the years ended December 31,		For the years ended December 31,		
	2016	2015	2016	2015	
Transactions with subsidiaries:					
Sales of goods and services	-	-	57.72	17.63	Close to market price
Purchases of goods and services	-	-	10.83	9.33	Close to market price
Purchases of office equipment	-	-	-	0.54	Close to market price
Guarantee fee income	-	-	0.03	0.03	1 percent per annum
Interest income	-	-	0.51	0.94	MLR-1.50% per annum (2016 : 5.00 - 5.25 percent per annum) (2015 : 5.00 - 5.25 percent per annum)
Dividend	-	-	35.13	62.27	As announced
Transactions with associates:					
Sales of goods and services	7.28	7.00	7.28	7.00	Close to market price
Interest income	0.03	0.14	0.03	0.14	MLR-1.50% per annum (2016 : 4.75 percent per annum) (2015 : 5.00 - 5.125 percent per annum)
Rental and related service expenses	0.57	-	0.57	-	Market price adjusted with agreed upon discount
Transactions with related companies:					
Sales of goods and services	0.52	10.44	0.52	9.77	Close to market price
Purchases of office equipment	0.02	-	0.02	-	Close to market price

The significant outstanding balances with related parties as at December 31, 2016 and 2015 as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Amounts due from related parties				
Subsidiaries:				
Promptnow Company Limited	-	-	-	76,224
Advance Intelligence Modernity Company Limited	-	-	301,915	432,687
Motif Technology Public Company Limited	-	-	7,901,950	14,798,063
Modernform Integration Services Company Limited	-	-	91,543	97,132
Associates Company:				
Angstrom Solutions Company Limited	-	7,490,000	-	7,490,000
Promptnow Company Limited	42,800	-	42,800	-
Related Companies:				
TIS Inc.	-	2,328,996	-	1,764,381
	42,800	9,818,996	8,338,208	24,658,487
Short-term loans to subsidiaries				
Advance Intelligence Modernity Company Limited	-	-	11,895,000	9,895,000
Promptnow Company Limited	-	-	-	4,000,000
	-	-	11,895,000	13,895,000
Less: Reserve for loss of investment in subsidiaries (Note 13)	-	-	(11,272,876)	(9,895,000)
	-	-	622,124	4,000,000
Loans to related parties				
Loans to related persons	6,070,000	6,150,000	6,070,000	6,150,000
Less: Allowance for doubtful debts	(5,323,337)	(5,403,337)	(5,323,337)	(5,403,337)
Net	746,663	746,663	746,663	746,663
Long-term loans to subsidiaries				
Advance Intelligence Modernity Company Limited	-	-	3,300,000	3,300,000
Less: Reserve for loss of investment in subsidiaries (Note 13)	-	-	-	(1,550,292)
	-	-	3,300,000	1,749,708

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Amounts due to related parties				
Subsidiaries:				
Promptnow Company Limited	-	-	-	1,466,645
Advance Intelligence Modernity Company Limited	-	-	317,790	-
Motif Technology Public Company Limited	-	-	-	2,147,978
Modernform Integration Services Company Limited	-	-	-	8,667
Business Applications Company Limited	-	-	256,800	1,203,750
M.I.S. Outsourcing Company Limited	-	-	68,213	-
Associates Company:				
Promptnow Company Limited	69,342	-	69,342	-
	69,342	-	712,145	4,827,040
Deferred income				
Subsidiaries:				
Motif Technology Public Company Limited	-	-	432,740	-
Unbilled payable				
Subsidiaries:				
Motif Technology Public Company Limited	-	-	842,051	-

Movements of short-term loans to subsidiaries for the year ended December 31, 2016 are as follows:

	As at December 31, 2015	Additional during period	Repayment during period	As at December 31, 2016	Type of loans	Due date	Interest rate
(In Baht)							
Short-term loans to subsidiaries							
Advance Intelligence Modernity Company Limited	9,895,000	2,000,000	-	11,895,000	Promissory note	At call	MLR - 1.50% per annum
Promthow Company Limited	4,000,000	1,000,000	(5,000,000)	-	Promissory note	At call	MLR - 1.50% per annum
Long-term loans to subsidiaries							
Advance Intelligence Modernity Company Limited	3,300,000	-	-	3,300,000	Promissory note	Jan 27, 2022	MLR - 1.50% per annum

Movements of loans to related parties for the year ended December 31, 2016 are as follows:

	As at December 31, 2016					Relationship	Due date
	As at December 31, 2015	Additional during year	Repayment during year	Allowance for doubtful debts	Due within one year	Due more than one year	
Contract No. 1	746,663	-	-	-	746,663	-	Shareholders of subsidiaries At call
	746,663	-	-	-	746,663	-	

Loans to related parties have no interest.

Guarantee obligations with related parties

As at December 31, 2016, the Company had outstanding obligations in respect of guarantees on the Advance Intelligence Modernity Limited (Subsidiaries) for credit line book overdraft amount Baht 3 million.

Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

Management benefit expenses for the year ended December 31, 2016 and 2015, are as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Management				
Management benefit expenses				
Short-term employee benefits	81,637,935	83,455,368	52,042,705	51,241,455
Post-employment benefits	3,028,423	2,443,700	2,111,950	1,607,504
Total	84,666,358	85,899,068	54,154,655	52,848,959

6. Cash And Cash Equivalents

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31		As at December 31	
	2016	2015	2016	2015
Cash on hand	254,000	249,000	40,000	45,000
Cash at bank - current accounts	9,212,452	2,684,928	1,224,614	394,154
Cash at bank - savings accounts	232,424,886	98,433,419	164,988,475	40,926,416
Cash at bank - fixed deposit 2 - 3 months	1,090,169	1,080,843	-	-
Total	242,981,507	102,448,190	166,253,089	41,365,570

Savings accounts carry interest at the floating rates which are set by the bank.

7. Short-Term Investments

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Fixed deposit	667,257	5,885,180	-	-
Unit trusts	705,264,239	251,229,614	610,824,268	172,831,518
Add: Unrealized gain from valuation of investment	2,546,929	441,417	1,846,054	118,555
Total unit trusts	707,811,168	251,671,031	612,670,322	172,950,073
Net short-term investments	708,478,425	257,556,211	612,670,322	172,950,073

8. Trade And Other Accounts Receivable

The aging of outstanding trade accounts receivable balance as at December 31, 2016 and 2015 based on due date, are as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Not yet due	425,291,428	657,571,661	323,149,205	595,995,530
Over due				
Less than 3 months	77,615,580	253,153,233	56,994,166	226,082,531
3 - 6 months	5,218,365	12,743,710	2,699,670	3,374,245
6 - 12 months	56,384,035	25,080,388	50,480,118	22,324,688
More than 12 months (Note 32.4)	48,465,566	52,836,330	17,725,133	22,095,897
Back to back basis	-	-	-	-
Total	612,974,974	1,001,385,322	451,048,292	869,872,891
Less: Allowance for doubtful debts	(17,603,772)	(17,549,219)	(16,647,329)	(16,658,029)
Trade accounts receivable - net	595,371,202	983,836,103	434,400,963	853,214,862
Other accounts receivable				
Receivable revenue department	32,732,469	41,195,477	20,977,402	31,409,616
Accrued rebate	668,647	1,772,139	668,647	1,772,139
Other	6,934,868	1,807,839	5,149,021	1,583,403
Total other accounts receivable	40,335,984	44,775,455	26,795,070	34,765,158
Trade and other accounts receivable - net	635,707,186	1,028,611,558	461,196,033	887,980,020

The Company gives its general customers a credit term ranging 30-90 days and its subsidiaries give its general customers a credit term of 30 days.

The movements of the allowance for doubtful debts are as follow:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Allowance for doubtful debts - beginning	(17,549,219)	(17,581,319)	(16,658,029)	(16,690,129)
Add : Additional allowances	(65,253)	-	-	-
Less : Reversing of allowances	10,700	32,100	10,700	32,100
Bad debts	-	-	-	-
Allowance for doubtful debts - ending	(17,603,772)	(17,549,219)	(16,647,329)	(16,658,029)

In year 2016 and 2015, the allowance for doubtful accounts decrease due to the repayment from customers in total amount.

9. Receivable Under Financial Lease Agreements

As at December 31, 2016 and 2015, the Company and its subsidiaries have financial leasing agreements. The payment details are follows:

(In Baht)

	Consolidated Financial Statements					
	As at December 31, 2016			As at December 31, 2015		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year						
After one year	4,419,736	129,252	4,548,988	9,540,938	429,880	9,970,818
but						
within five years	251,861	7,012	258,873	4,331,518	136,264	4,467,782
Total	4,671,597	136,264	4,807,861	13,872,456	566,144	14,438,600

(In Baht)

	Separate Financial Statements					
	As at December 31, 2016			As at December 31, 2015		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year						
After one year	3,396,566	75,654	3,472,220	4,213,549	293,195	4,506,744
but						
within five years	-	-	-	3,056,487	75,653	3,132,140
Total	3,396,566	75,654	3,472,220	7,270,036	368,848	7,638,884

As at December 31, 2016 and 2015, the total receivable under financial lease agreements are not yet due.

Receivable under financial lease agreements for the portion due within one year was shown under “current assets” in the statements of financial position.

As at December 31, 2016, the Company and its subsidiaries have 3 outstanding financial leasing agreements are as follows:

In Baht (excluded VAT)					
	Outstanding financial lease agreement	Type of financial lease agreement	Term of payment	Amount per period	Total financial lease amount
The Company	1	Security information and Event Management system (SIEM)	(36 installment)	347,222.00	12,499,992.00
A subsidiary	2	Equipment and Computers	(60 installment)	101,820.94	6,109,256.40
	3				18,609,248.40

10. Cost Of Work In Process

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Finished goods	12,763,276	12,203,477	7,056,448	10,187,419
Work in process	483,783,384	526,295,281	418,010,683	472,956,045
Goods in transit	18,715,992	14,823,208	18,715,992	14,823,208
Total	515,262,652	553,321,966	443,783,123	497,966,672
Less: Allowance for declining value of inventories	(7,163,508)	(11,029,344)	(7,056,448)	(9,489,797)
Cost of work in process	508,099,144	542,292,622	436,726,675	488,476,875

As at December 31, 2016, the Company reversed the allowance for obsoleted inventories amount of Baht 2.43 million because of the management consider to write-off amount of Baht 1.87 million and transferred to property, plant and equipment amount of Baht 0.56 million. As at December 31, 2015, the allowance for declining value of inventories amount of Baht 1.03 million because of the donated amount of Baht 0.20 million and transferred to property, plant and equipment amount of Baht 0.83 million for internal use (Note 15 and 16).

11. Pledged Deposits At Financial Institutions

As at December 31, 2016 and 2015, fixed deposits of one subsidiaries in the amount of Baht 3.30 million and Baht 15 million, respectively. Which are pledged as collateral for bank guarantee, overdrafts and short-term loan from the financial institution.

12. Investment In Associated

12.1 Investment in associated consisted of investment in share capital, as follows:

(In Baht)

Name of company	Paid-up capital (Baht)	Share-holding (%)	Consolidated Financial Statements			
			Equity method		Cost method	
			2016	2015	2016	2015
Angstrom Solutions Company Limited	80,000,000	40	39,270,435	27,093,496	44,000,000	32,000,000
Promptnow Company Limited	18,400,000	20	56,496,450	-	3,680,000	-
Total			95,766,885	27,093,496	47,680,000	32,000,000

(In Baht)

Name of company	Type of business	Relationship	Consolidated Financial Statements	
			Dividend	
			2016	2015
Angstrom Solutions Company Limited.	Information & Communication Technology	An associate company with 40% shareholding by the Company	-	-
Promptnow Company Limited	Creates entertainment media for electronics devices	An associate company with 20% shareholding by the Company	-	-
Total			-	-

Angstrom solution Company Limited

On August 11, 2015, the Board of Directors Meeting No. 4/2015 had a resolution to approve for the Company to invest in Angstrom Solutions Company Limited which is engaged in software, hardware, computer system consulting, development and training to design, plan and develop the software to be used with electronic equipment. The former registered capital is Baht 50 million, with an increase of capital to Baht 60 million, totaling the new registered capital of Baht 110 million. The Company will hold the shares at the same stake that is 40% of the new registered capital. The value of the share capital increase is Baht 24 million (2.4 million shares at the par value of Baht 10 per share). The advance payment of 50 percent is made and the Company paid for the shares in the amount of Baht 12 million on September 1, 2015 and the remaining amounting Baht 12 million paid on January 15, 2016.

Promptnow Company Limited

The Company has changed the status of investment in Promptnow Company Limited from the previous subsidiary that it has control to the associated company since May 12, 2016 onwards. In the separate financial statements, the Company initially recognizes the investment at cost that is remaining in the former subsidiary for 36,800 shares at Baht 100 per share, totaling Baht 3.68 million. In the consolidated financial statements, the Company has initially recognized the retained investment in the former subsidiary that it once has control at the fair value at Baht 1,467 per share in the total amount of Baht 53.98 million (as discussed in the notes to interim financial statements Note 13).

As at December 31, 2016 and 2015, the investment in associated company by the equity method presented in the consolidated financial statement is calculated from the financial statements of the associated company as at December 31, 2016 which prepared by the management and as at December 31, 2015, which audited by auditor.

12.2 Share of profit of associates for the years ended December 31, 2016 and 2015, are as follows:

(In Baht)

	Consolidated financial statements	
	2016	2015
Angstrom Solutions Company Limited.	176,938	(1,700,514)
Promptnow Company Limited	2,510,850	-
Total	2,687,788	(1,700,514)

12.3 Summarized financial information in respect of Associated company of the material associate:

(In Baht)

	2016	2015
Angstrom Solutions Company Limited		
Current assets	18,593,752	13,010,586
Non-current assets	80,519,425	64,639,298
Current liabilities	937,091	9,916,143
Non-current liabilities	-	-
Net assets	98,176,086	67,733,741
Revenue	9,390,746	4,955,272
Profit(loss) for the year	442,345	(2,787,417)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	442,345	(2,787,417)

(In Baht)

	2016	2015
Promptnow Company Limited		
Current assets	91,390,214	-
Non-current assets	19,788,022	-
Current liabilities	15,115,434	-
Non-current liabilities	1,151,461	-
Net assets	94,911,341	-
Revenue	51,878,014	-
Profit(loss) for the year	10,305,287	-
Other comprehensive income for the year	(392,599)	-
Total comprehensive income for the year	9,912,688	-

12.4 Reconciliation of the above summarized financial information to the carrying amount of the interest in the consolidated financial statements:

	(In Baht)	
	2016	2015
Angstrom Solutions Company Limited		
Net assets of the associate company	98,176,086	67,733,741
Proportion of the interest in associate company	40	40
Proportion of equity in net assets	39,270,435	27,093,496
Goodwill	-	-
Carrying amount of the associate company	39,270,435	27,093,496

	(In Baht)	
	2016	2015
Promptnow Company Limited		
Net assets of the associate company	94,911,341	-
Proportion of the interest in associate company	20	-
Proportion of equity in net assets	18,982,268	-
Goodwill	37,514,182	-
Carrying amount of the associate company	56,496,450	-

13. Investments In Subsidiaries

Investments in subsidiaries consisted of investment in share capital, as follows:

Name of subsidiaries	Million Baht		Value of investment under the equity method		Separate Financial Statements		Dividend income	
	Paid up capital		As at December 31,		Cost method (Net allowance for impairment)		As at December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015
	As at December 31,		As at December 31,		As at December 31,		As at December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015
Promptnow Company Limited	-	15.00	-	21,072,392	-	9,000,000	-	-
Advance Intelligence Modernity Company Limited	10.00	10.00	-	-	6,000,000	6,000,000	-	-
Modernform Integration Services Company Limited	64.10	64.10	85,313,569	71,503,730	96,050,000	96,050,000	-	-
Business Applications Company Limited	10.00	10.00	196,463,795	201,241,505	200,828,330	200,828,330	16,000,000	20,000,000
Motif Technology Public Company Limited	80.00	80.00	226,987,867	282,676,688	291,926,606	291,926,606	-	13,000,000
Hongson Software Company Limited	5.00	5.00	85,817,769	87,060,052	80,441,387	80,441,387	4,699,812	5,749,770
Soft Professional Company Limited	5.00	5.00	18,532,727	18,860,184	20,628,847	20,628,847	1,649,934	1,799,928
Soft Plus Technology Company Limited	5.00	5.00	19,751,526	20,539,524	20,238,830	20,238,830	1,449,942	2,099,916
K Soft Consulting Company Limited	5.00	5.00	16,913,639	17,443,009	17,794,609	17,794,609	1,399,944	2,099,916
Sammok Software Company Limited	3.00	3.00	13,346,107	14,434,084	10,075,499	10,075,499	1,979,868	1,919,872
Soft Square 1999 Company Limited	30.00	30.00	163,937,852	162,258,809	144,317,499	144,317,499	7,949,947	15,599,896
Playtorium Solutions Company Limited	1.25	-	847,224	-	875,000	-	-	-
Total			827,912,075	897,089,977	889,176,607	897,301,607	35,129,447	62,269,298
Less : Allowance for impairment of investment					(99,976,606)	(56,675,000)		
Net					789,200,001	840,626,607		
Reserve for loss from investment in subsidiaries					11,272,876	11,445,292		
Presented as: Allowance for doubtful debts (See Note 5)					(11,272,876)	(11,445,292)		
					-	-		

(In Baht)

Promptnow Company Limited

(In Baht)

At the Annual General Meeting No. 1/2016 of the Company's shareholders on April 25, 2016, it was approved to enter into related transaction and the asset disposure between the Company and Promptnow Company Limited, a subsidiary company, with TIS Inc. and TISI (Thailand) Co.,Ltd. which are called "TIS Group". The Company will sell partial ordinary shares held in Promptnow of 53,200 shares and to waive the rights to subscribe for the shares of the increased capital according to the total stake of the Company. From Promptnow registering the ordinary share capital increase for 34,000 shares at the offering price of Baht 1,467 per share, the Company has lost the control that it once had in Promptnow Company Limited. And Promptnow Company Limited has the status as an associated company of the Company from May 12, 2016 onwards. As a result, the Company's shareholding stake in Promptnow has decreased from 60 percent to 20 percent of the total number of ordinary shares.

The Company has sold the investment of 53,200 shares at the selling price Baht 1,467 per share, totaling Baht 78.04 million. The investment has cost per book value in the amount of Baht 5.32 million. The Company has gain from sale of investment in the subsidiary in the amount of Baht 72.72 million as shown in the separate statement of comprehensive income under "Gain on sale of investment in the subsidiary". The Company records the resulting difference that arises from the loss of control in the subsidiary as profit (loss) for the period in the consolidated financial statements that are presented as follows:

The fair value of the consideration received	78,044,400
The fair value of the retained investment (20%)	53,985,600
The carrying amount of non-controlling interests	13,305,715
(Less) Net assets in the subsidiary that are derecognized	(33,264,288)
Gain from the loss of control in the subsidiary	112,071,427

In year 2016, the Company has reversal of the allowance for impairment of investments in Promptnow Company Limited of Baht 5.63 million, which is shown in profit/loss for the period in the separate statement of comprehensive income from the sale of investment in the above company.

Motif Technology Public Company Limited

During the year ended December 31, 2016, the Company recognizes the loss on impairment of investment in Motif Technology Public Company Limited totaling Baht 48.93 million in the separate financial statements as a result of recoverable amount of investment was less than the carrying amount of investment. The recoverable amount from Motif Technology Public Company Limited was determined based on business value using the discounted cash flow method under the discount rate assumption on the basis of the weighted average cost of capita ("WACC") at the rate of 8.2%.

13.1 The subsidiaries that have material non-controlling interests

The Company has consolidated four subsidiaries is 1) Promptnow Company Limited 2) Advance Intelligence Modernity Company Limited 3) M.I.S. Outsourcing Company Limited (Subsidiaries held by Modernform Integration Services Company Limited) and 4) Playtorium Solutions Company Limited that have material non-controlling interest:

(In Baht)

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2016	2015	2016	2015	2016	2015
Promptnow Company Limited	-	40.00	(742,546)	4,138,511	-	14,048,262
M.I.S. Outsourcing Company Limited	20.00	20.00	1,222,028	1,553,548	6,132,561	5,910,592
Advance Intelligence Modernity Company Limited	40.00	40.00	-	-	-	-
Playtorium Solutions Company Limited	30.00	-	(11,904)	-	363,096	-
Total			467,578	5,692,059	6,495,657	19,958,854

13.2 The summarized financial information represents amounts before intragroup eliminations as follows:

(In Baht)

	2016	2015
Promptnow Company Limited		
Current assets	-	65,949,326
Non-current assets	-	19,824,410
Current liabilities	-	50,208,366
Non-current liabilities	-	444,717
Non-Controlling interests	-	14,048,262
Revenue	-	66,265,576
Net cash inflow (outflow) from operating activities	-	(8,757,698)
Net cash inflow (outflow) from investing activities	-	(1,219,810)
Net cash inflow (outflow) from financing activities	-	9,863,804
Net cash inflow (outflow)	-	(113,704)

(In Baht)

	2016	2015
M.I.S. Outsourcing Company Limited		
Current assets	61,216,057	44,719,660
Non-current assets	2,025,477	1,462,446
Current liabilities	30,260,147	15,850,452
Non-current liabilities	2,325,025	776,625
Non-Controlling interests	6,132,561	5,910,592
Revenue	106,101,976	73,655,133
Dividends paid to non-controlling interests	1,000,060	1,000,060
Net cash inflow (outflow) from operating activities	8,662,318	5,202,560
Net cash inflow (outflow) from investing activities	(225,453)	(346,325)
Net cash inflow (outflow) from financing activities	(5,000,000)	(5,000,000)
Net cash inflow (outflow)	3,436,865	(143,765)

14. Goodwill

Movements of goodwill during in the years are as follow:

(In Baht)

	Consolidated Financial Statements	
	As at December 31, 2016	As at December 31, 2015
Goodwill	574,489,233	574,489,233
Increase	-	-
Less : Allowance for impairment of investment	(73,679,100)	(27,529,367)
Net goodwill	500,810,133	546,959,866

Impairment of goodwill

During the year ended December 31, 2016, the Company has tested for impairment of goodwill that arises from the acquisition of the subsidiary business and allocation of Cash Generating Unit ("CGU") which consists of Motif Technology Public Company Limited, Business Application Co.,Ltd. and group of Soft Square 1999 Co., Ltd. by comparing the carrying amount of the unit includes the goodwill, with the recoverable amount. The recovery amount was based on its value in use, determined by future cash flows to be generated from the continuing use of the unit. The cash flows were projected over a period of 5 years before a terminal growth rate.

Motif Technology (Public) Company Limited

The carrying amount of the cash generating unit may be considered to have higher value than the recoverable amount which may indicate an impairment of asset. As at December 31, 2016, the Company has recognized the impairment of goodwill in the amount of Baht 62.15 million and the loss from impairment is recognized in the statement of comprehensive income for the year ended December 31, 2016 in the amount of Baht 46.15 million.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value	Approach used to determine the value
- Discount rate	8.20%	External source of information
- Terminal Value Growth Rate	4.00%	Constant inflation rate
- Average budgeted EBITDA growth	4.20%	Experience and industry

15. Property, Plant And Equipment

	Consolidated Financial Statements							(In Baht)
	Land	Building	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
At cost								
January 1, 2016	17,831,600	36,273,036	28,327,830	182,867,811	228,696,546	45,347,072	17,677,664	557,021,559
Acquisitions	-	-	7,548,098	12,261,476	16,100,395	654,962	1,277,411	37,842,342
Disposals	-	-	(3,647,371)	(12,357,072)	(15,661,381)	(519,633)	(5,728,112)	(37,913,569)
Loss of control in subsidiary	-	-	(646,258)	(1,166,488)	(3,024,661)	-	-	(4,837,407)
Transfer in (out)	-	-	-	102,670	2,753,581	-	-	2,856,251
December 31, 2016	17,831,600	36,273,036	31,582,299	181,708,397	228,864,480	45,482,401	13,226,963	554,969,176
Accumulated depreciation								
January 1, 2016	-	14,852,510	27,314,437	146,500,640	189,635,545	29,984,291	12,016,343	420,303,766
Depreciation for the years	-	636,524	548,861	13,480,200	18,451,875	5,524,345	2,245,270	40,887,075
Depreciation for disposals	-	-	(3,307,642)	(12,173,565)	(14,113,790)	(454,039)	(4,998,041)	(35,047,077)
Loss of control in subsidiary	-	-	(646,253)	(909,409)	(2,070,143)	-	-	(3,625,805)
Transfer in (out)	-	-	-	-	-	-	-	-
December 31, 2016	-	15,489,034	23,909,403	146,897,866	191,903,487	35,054,597	9,263,572	422,517,959
Allowance for declining value								
January 1, 2016 Allowance for declining value for the year	-	-	-	10,182,160	-	7,260,700	-	17,442,860
Allowance for declining value (reversal)	-	-	-	-	-	-	-	-
December 31, 2016	-	-	-	10,174,273	-	7,260,700	-	17,434,973
Net book value								
December 31, 2016	17,831,600	20,784,002	7,672,896	24,636,258	36,960,993	3,167,104	3,963,391	115,016,244
December 31, 2015	17,831,600	21,420,526	1,013,393	26,185,011	39,061,001	8,102,081	5,661,321	119,274,933

(in Baht)

Consolidated Financial Statements							
	Land	Building	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles
At cost							Total
January 1, 2015	17,831,600	36,273,036	31,882,661	190,625,530	218,797,241	38,019,765	557,149,909
Acquisitions	-	-	281,262	6,778,387	14,973,674	7,391,294	32,829,975
Disposals	-	-	(3,836,093)	(15,425,909)	(6,876,409)	(63,987)	(35,650,168)
Transfer in (out)	-	-	-	889,803	1,802,040	-	2,691,843
December 31, 2015	17,831,600	36,273,036	28,327,830	182,867,811	228,696,546	45,347,072	557,021,559
Accumulated depreciation							
January 1, 2015	-	14,196,008	30,545,822	142,033,896	176,876,805	22,093,631	403,332,447
Depreciation for the years	-	656,502	470,114	18,414,997	17,751,446	7,944,354	47,841,807
Depreciation for disposals	-	-	(3,701,499)	(13,948,253)	(4,992,706)	(53,694)	(30,870,488)
Transfer in (out)	-	-	-	-	-	-	-
December 31, 2015	-	14,852,510	27,314,437	146,500,640	189,635,545	29,984,291	420,303,766
Allowance for declining value							
January 1, 2015	-	-	-	10,223,109	-	7,270,994	17,494,103
Allowance for declining value for the year	-	-	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	(40,949)	-	(10,294)	(51,243)
December 31, 2015	-	-	-	10,182,160	-	7,260,700	17,442,860
Net book value							
December 31, 2015	17,831,600	21,420,526	1,013,393	26,185,011	39,061,001	8,102,081	119,274,933
December 31, 2014	17,831,600	22,125,252	1,329,887	39,176,899	41,071,072	8,655,140	136,323,641

As at December 31, 2016 and 2015, certain equipment of the Company and its subsidiaries have been fully depreciated but still in use. The costs of those assets amounted to Baht 263.25 million and Baht 289.04 million, respectively.

As at December 31, 2016 and 2015, the Company and its subsidiaries have motor vehicles and office equipment under the financial lease agreements amounted to net book value of Baht 2.04 million and Baht 2.15 million, respectively.

(In Baht)

	Separate Financial Statements					
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
At cost						
January 1, 2016	18,734,658	144,102,951	186,299,030	34,315,080	9,758,693	393,210,412
Acquisitions	7,407,818	11,575,776	14,998,510	-	74,766	34,056,870
Disposals	(3,647,371)	(8,192,651)	(8,600,463)	(10,000)	(3,525,000)	(23,975,485)
Transfer in (out)	-	102,670	2,753,581	-	-	2,856,251
December 31, 2016	22,495,105	147,588,746	195,450,658	34,305,080	6,308,459	406,148,048
Accumulated depreciation						
January 1, 2016	17,903,169	109,531,320	153,122,052	25,272,842	6,465,820	312,295,203
Depreciation for the year	378,670	12,697,731	16,086,873	954,454	1,323,052	31,440,780
Depreciation for disposals	(3,307,641)	(8,092,664)	(7,052,922)	(9,999)	(2,856,598)	(21,319,824)
Transfer in (out)	-	-	-	-	-	-
December 31, 2016	14,974,198	114,136,387	162,156,003	26,217,297	4,932,274	322,416,159
Allowance for declining value						
January 1, 2016	-	10,182,160	-	7,260,700	-	17,442,860
Allowance for declining value for the year	-	-	-	-	-	-
Allowance for declining value (reversal)	-	(7,887)	-	-	-	(7,887)
December 31, 2016	-	10,174,273	-	7,260,700	-	17,434,973
Net book value						
December 31, 2016	7,520,907	23,278,086	33,294,655	827,083	1,376,185	66,296,916
December 31, 2015	831,489	24,389,471	33,176,978	1,781,538	3,292,873	63,472,349

(In Baht)

Separate Financial Statements						
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
At cost						
January 1, 2015	18,453,395	144,744,967	177,486,958	33,899,098	14,473,835	389,058,253
Acquisitions	281,263	6,315,393	11,813,514	472,670	1,876,358	20,759,198
Disposals	-	(7,847,212)	(4,803,482)	(56,688)	(6,591,500)	(19,298,882)
Transfer in (out)	-	889,803	1,802,040	-	-	2,691,843
December 31, 2015	18,734,658	144,102,951	186,299,030	34,315,080	9,758,693	393,210,412
Accumulated depreciation						
January 1, 2015	17,624,382	100,543,839	141,350,357	21,613,724	10,112,322	291,244,624
Depreciation for the year	278,787	16,746,299	14,800,811	3,710,558	1,784,027	37,320,482
Depreciation for disposals	-	(7,758,818)	(3,029,116)	(51,440)	(5,430,529)	(16,269,903)
Transfer in (out)	-	-	-	-	-	-
December 31, 2015	17,903,169	109,531,320	153,122,052	25,272,842	6,465,820	312,295,203
Allowance for declining value						
January 1, 2015	-	10,223,109	-	7,270,994	-	17,494,103
Allowance for declining value for the year	-	-	-	-	-	-
Allowance for declining value (reversal)	-	(40,949)	-	(10,294)	-	(51,243)
December 31, 2015	-	10,182,160	-	7,260,700	-	17,442,860
Net book value						
December 31, 2015	831,489	24,389,471	33,176,978	1,781,538	3,292,873	63,472,349
December 31, 2014	829,013	33,978,019	36,136,601	5,014,380	4,361,513	80,319,526

As at December 31, 2016 and 2015, certain equipment of the Company has been fully depreciated but still in use. The costs of those assets amounted to Baht 230.44 million and Baht 213.46 million, respectively.

As at December 31, 2015 the Company has office equipment under the financial lease agreements amounted to net book value of Baht 0.14 million.

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Depreciation charged to the statements of comprehensive income				
Cost of sales and services	24,079,373	28,122,344	22,578,078	22,002,804
Administrative expenses	16,807,702	19,719,463	8,862,702	15,317,678
Total	40,887,075	47,841,807	31,440,780	37,320,482

16. Intangible Assets

(In Baht)

	Consolidated Financial Statements					Total
	Computer software	Project system software	Games for download development of products	Work in progress - Cost of research and development of product	Work in progress - development of products	
At cost						
January 1, 2016	54,890,720	62,647,103	11,127,206	1,999,521	5,436,543	136,101,093
Acquisitions/Internal cost	5,935,854	-	-	10,369,928	-	16,305,782
Loss of control in subsidiary	(1,449,555)	(30,444,078)	(1,270,544)	-	(5,436,543)	(38,600,720)
Amortization	(760,685)	-	-	-	-	(760,685)
Transfer in (out)	1,045,335	-	-	1,281,179	-	2,326,514
December 31, 2016	59,661,669	32,203,025	9,856,662	13,650,628	-	115,371,984
Accumulated Amortization						
January 1, 2016	42,628,144	36,025,737	8,991,934	157,623	-	87,803,438
Amortization for the year	2,412,381	2,816,121	105,878	421,524	-	5,755,904
Loss of control in subsidiary	(1,211,640)	(19,969,419)	(741,150)	-	-	(21,922,209)
Amortization for disposals	(403,252)	-	-	-	-	(403,252)
Transfer in (out)	-	-	-	-	-	-
December 31, 2016	43,425,633	18,872,439	8,356,662	579,147	-	71,233,881
Allowance for declining value						
January 1, 2016	5,612,520	10,461,680	1,500,000	-	-	17,574,200
Allowance for declining value for the year	-	-	-	-	-	-
December 31, 2016	5,612,520	10,461,680	1,500,000	-	-	17,574,200
Net book value						
December 31, 2016	10,623,516	2,868,906	-	13,071,481	-	26,563,903
December 31, 2015	6,650,056	16,159,686	635,272	1,841,898	5,436,543	30,723,455

(In Baht)

Consolidated Financial Statements						
	Computer software	Project system software	Games for download development of products	Work in progress - Cost of research and development of product	Work in progress - development of products	Total
At cost						
January 1, 2015	54,314,676	62,647,103	11,127,206	-	4,761,610	132,850,595
Acquisitions/Internal cost	576,931	-	-	1,999,521	1,012,033	3,588,485
Amortization	(887)	-	-	-	-	(887)
Transfer in (out)	-	-	-	-	(337,100)	(337,100)
December 31, 2015	54,890,720	62,647,103	11,127,206	1,999,521	5,436,543	136,101,093
Accumulated Amortization						
January 1, 2015	35,514,004	28,856,737	8,568,417	-	-	72,939,158
Amortization for the year	7,115,026	7,169,000	423,517	157,623	-	14,865,166
Amortization for disposals	(886)	-	-	-	-	(886)
Transfer in (out)	-	-	-	-	-	-
December 31, 2015	42,628,144	36,025,737	8,991,934	157,623	-	87,803,438
Allowance for declining value						
January 1, 2015	5,612,520	10,461,680	1,500,000	-	-	17,574,200
Allowance for declining value for the year	-	-	-	-	-	-
December 31, 2015	5,612,520	10,461,680	1,500,000	-	-	17,574,200
Net book value						
December 31, 2015	6,650,056	16,159,686	635,272	1,841,898	5,436,543	30,723,455
December 31, 2014	13,188,152	23,328,686	1,058,789	-	4,761,610	42,337,237

(In Baht)

	Separate Financial Statements			Total
	Computer software	Project system software	Work in progress - Cost of research and development of product	
At cost				
January 1, 2016	46,225,284	29,292,927	1,132,213	76,650,424
Acquisitions/Internal cost	5,935,855	-	9,991,666	15,927,521
Amortization	(760,685)	-	-	(760,685)
Transfer in (out)	1,045,335	-	1,281,179	2,326,514
December 31, 2016	52,445,789	29,292,927	12,405,058	94,143,774
Accumulated Amortization				
January 1, 2016	35,954,951	16,039,369	-	51,994,320
Amortization for the year	1,841,679	1,572,028	-	3,413,707
Amortization for disposals	(403,252)	-	-	(403,252)
December 31, 2016	37,393,378	17,611,397	-	55,004,775
Allowance for declining value				
January 1, 2016	5,612,520	8,812,625	-	14,425,145
Allowance for declining value for the year	-	-	-	-
December 31, 2016	5,612,520	8,812,625	-	14,425,145
Net book value				
December 31, 2016	9,439,891	2,868,906	12,405,058	24,713,854
December 31, 2015	4,657,813	4,440,933	1,132,213	10,230,959

(In Baht)

	Separate Financial Statements			Total
	Computer software	Project system software	Work in progress - Cost of research and development of product	
At cost				
January 1, 2015	45,725,076	29,292,927	-	75,018,003
Acquisitions/Internal cost	501,095	-	1,132,213	1,633,308
Amortization	(887)	-	-	(887)
Transfer in (out)	-	-	-	-
December 31, 2015	46,225,284	29,292,927	1,132,213	76,650,424
Accumulated Amortization				
January 1, 2015	29,501,927	13,846,744	-	43,348,671
Amortization for the year	6,453,910	2,192,625	-	8,646,535
Amortization for disposals	(886)	-	-	(886)
December 31, 2015	35,954,951	16,039,369	-	51,994,320
Allowance for declining value				
January 1, 2015	5,612,520	8,812,625	-	14,425,145
Allowance for declining value for the year	-	-	-	-
December 31, 2015	5,612,520	8,812,625	-	14,425,145
Net book value				
December 31, 2015	4,657,813	4,440,933	1,132,213	10,230,959
December 31, 2014	10,610,629	6,633,558	-	17,244,187

As at December 31, 2016 and 2015, certain computer software and project system software of the Company has been fully amortized but still in use. The cost of those assets amounted to Baht 36.93 million and Baht 21.15 million, respectively.

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Amortization charged to the statements of comprehensive income				
Cost of sales and services	2,243,552	3,632,591	1,572,028	2,192,625
Administrative expenses	3,512,352	11,232,575	1,841,679	6,453,910
Total	5,755,904	14,865,166	3,413,707	8,646,535

17. Deferred Tax Assets And Deferred Tax Liabilities

17.1 Deferred tax assets and deferred tax liabilities as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Deferred tax assets	17,770,124	22,324,347	15,626,898	19,453,591
Deferred tax liabilities	(1,704,798)	(1,744,111)	-	-
	16,065,326	20,580,236	15,626,898	19,453,591

17.2 Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2016 and 2015 are summarized as follows:

(In Baht)

	Consolidated Financial Statements				
	Revenue (expenses) during the year				
	Balance as at Dec. 31, 15	In profit or loss	In other comprehensive incom	Loss of control in subsidiary	Balance as at Dec. 31, 16
Deferred tax assets:					
Trade account receivables	3,331,606	10,910	-	-	3,342,516
Cost at work in process	1,923,818	(505,116)	-	-	1,418,702
Loans to related parties	1,080,667	(16,000)	-	-	1,064,667
Property, plant and equipment	2,549,071	(1,163,726)	-	-	1,385,345
Intangible assets	1,122,505	(727,503)	-	-	395,002
Provisions for employee benefits	9,818,824	2,262,621	(1,397,486)	(99,744)	10,584,215
Provision for loss of project	2,558,050	(2,558,050)	-	-	-
Provision for litigation	15,420	(15,420)	-	-	-
Total	22,399,961	(2,712,284)	(1,397,486)	(99,744)	18,190,447
Deferred tax liabilities:					
Unrealized gain on remeasuring available for sale investments	42,784	-	(387,872)	-	430,656
Financial lease agreement	32,830	34,924	-	-	(2,094)
Fair value adjustment of assets in business combinations	1,744,111	47,552	-	-	1,696,559
Total	1,819,725	82,476	(387,872)	-	2,125,121
Net	20,580,236	(2,629,808)	(1,785,358)	(99,744)	16,065,326

(In Baht)

Consolidated Financial Statements				
Revenue (expenses) during the year				
	Balance as at Dec. 31, 14	In profit or loss	In other comprehensive income	Balance as at Dec. 31, 15
Deferred tax assets:				
Trade account receivables	3,338,026	(6,420)	-	3,331,606
Cost at work in process	2,123,178	(199,360)	-	1,923,818
Loans to related parties	1,080,667	-	-	1,080,667
Property, plant and equipment	3,026,810	(477,739)	-	2,549,071
Intangible assets	1,130,663	(8,158)	-	1,122,505
Provisions for employee benefits	7,986,466	2,104,631	(272,273)	9,818,824
Provision for loss of project	5,245,621	(2,687,571)	-	2,558,050
Provision for litigation	15,420	-	-	15,420
Total	23,946,851	(1,274,617)	(272,273)	22,399,961
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale investments	53,618	-	10,834	42,784
Financial lease agreement	125,949	93,119	-	32,830
Fair value adjustment of assets in business combinations	1,791,662	47,551	-	1,744,111
Total	1,971,229	140,670	10,834	1,819,725
Net	21,975,622	(1,133,947)	(261,439)	20,580,236

(In Baht)

Separate Financial Statements				
Revenue (expenses) during the year				
	Balance as at Dec. 31, 15	In profit or loss	In other comprehensive income	Balance as at Dec. 31, 16
Deferred tax assets:				
Trade account receivables	3,331,606	(2,140)	-	3,329,466
Cost of work in process	1,897,960	(486,670)	-	1,411,290
Loans to related parties	1,080,667	(16,000)	-	1,064,667
Property, plant and equipment	2,549,071	(1,163,726)	-	1,385,345
Intangible assets	1,122,505	(727,503)	-	395,002
Provisions for employee benefits	6,937,442	2,076,469	(603,573)	8,410,338
Provision for loss of project	2,558,050	(2,558,050)	-	-
Total	19,477,301	(2,877,620)	(603,573)	15,996,108
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale investments	23,710	-	(345,500)	369,210
Total	23,710	-	(345,500)	369,210
Net	19,453,591	(2,877,620)	(949,073)	15,626,898

(In Baht)

Separate Financial Statements				
Revenue (expenses) during the year				
	Balance as at Dec. 31, 14	In profit or loss	In other comprehensive income	Balance as at Dec. 31, 15
Deferred tax assets:				
Trade account receivables	3,338,026	(6,420)	-	3,331,606
Cost of work in process	2,104,558	(206,598)	-	1,897,960
Loans to related parties	1,080,667	-	-	1,080,667
Property, plant and equipment	3,026,810	(477,739)	-	2,549,071
Intangible assets	1,130,663	(8,158)	-	1,122,505
Provisions for employee benefits	5,176,576	1,760,866	-	6,937,442
Estimated project losses	5,245,621	(2,687,571)	-	2,558,050
Total	21,102,921	(1,625,620)	-	19,477,301
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale investments	-	-	(23,710)	23,710
Total	-	-	(23,710)	23,710
Net	21,102,921	(1,625,620)	(23,170)	19,453,591

18. Bank Overdrafts And Short-Term Loans From Financial Institutions

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Bank overdrafts	2,489,936	5,478,390	-	154,725
Short-term loans	3,000,000	25,000,000	-	-
Trust receipts	-	4,923,212	-	-
	5,489,936	35,401,602	-	154,725

As at December 31, 2016 and 2015, the Company and its subsidiaries had credit lines from bank overdrafts, short-term loans from financial institutions and trust receipts as follows:

	Financial institutions (Place)		Credit line (Million Baht)		Issuer (Million Baht)		
	As at December 31,		As at December 31,		As at December 31,		Interest rate
	2016	2015	2016	2015	2016	2015	(percent per annum)
Bank Overdrafts							
The Company	8	8	78	103	-	0.15	MOR per annum
The subsidiaries	2	2	60	80	2.49	5.33	MOR per annum (2016 : Rate 7.25 - 8.25 per annum) (2015 : Rate 7.25 - 8.50 per annum)
Short-term loans and trust receipts							
The Company	8	9	2,250	2,600	-	-	2016 and 2015 : MLR to MLR-1.50 per annum, Market rate per annum (2016 : Rate 1.30 - 2.30 per annum) (2015 : Rate 1.30 - 3.60 per annum)
The subsidiaries	2	2	149	246	3.00	29.92	2016 and 2015 : MLR-1 , Market rate per annum (2016 : Rate 3.60 - 6.50 per annum) (2015 : Rate 2.32 - 6.75 per annum)
Credit card							
The Company	1	1	1	1	0.16	-	-
Letter of guarantee							
The Company	8	8	1,800	1,850	271.41	707.63	-
The subsidiaries	2	2	240	240	29.95	45.33	-

As at December 31, 2016 and 2015, the Company and its subsidiaries have no obligations on such line item above.

The Company and its subsidiaries have to comply with the covenants and adhere to the terms under the financial institutions overdraft and short-term loan agreements.

19. Trade And Other Accounts Payable

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2016	2015	2016	2015
Trade accounts payable - not related parties	552,638,020	496,232,463	467,551,284	468,467,838
Revenue department payable	32,296,865	16,407,287	31,184,588	16,273,665
Other accounts payable	6,619,253	13,849,553	5,233,194	12,806,632
Total trade and other accounts payable	591,554,138	526,489,303	503,969,066	497,548,135

20. Liabilities Under Financial Lease Agreement

As at December 31, 2016 and 2015, the Company and its subsidiaries have liabilities under financial lease agreement were leasing of motor vehicles and office equipment. The payment details are as follows :-

(In Baht)

	Consolidated Financial Statements					
	As at December 31, 2016			As at December 31, 2015		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	3,520,125	169,117	3,689,242	4,181,470	398,461	4,579,931
After one year but within five years	1,421,104	80,488	1,501,592	4,309,058	204,356	4,513,414
Total	4,941,229	249,605	5,190,834	8,490,528	602,817	9,093,345

(In Baht)

	Separate Financial Statements					
	As at December 31, 2016			As at December 31, 2015		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	2,121,047	52,939	2,173,986	2,694,696	203,952	2,898,648
After one year but within five years	-	-	-	2,121,047	52,939	2,173,986
Total	2,121,047	52,939	2,173,986	4,815,743	256,891	5,072,634

As at December 31, 2016, the Company and its subsidiaries has 8 outstanding financial lease agreements to purchase motor vehicles and office equipment from a local leasing company are as follows:

In Baht (excluded VAT)

	Outstanding financial lease agreement	Type of financial lease agreement	Term of payment	Amount per period	Total financial lease amount	Price of purchase options
The Company	1	Security information and Event Management system (SIEM)	36	241,554.00	8,695,944.00	not fixed
Its subsidiary	1	Machinery copy	48	8,000.00	384,000.00	not fixed
	1	Office equipment	60	72,541.94	4,352,516.40	8,300.00
	1	Office equipment	60	22,724.00	1,363,440.00	37,752.00
	2	Motor vehicle	48	58,879.44	2,783,177.57	278,317.76
	1	Motor vehicle	48	15,275.70	733,233.64	not fixed
	1	Office equipment	60	6,555.00	393,300.00	750.00
	8					

Under the terms of the lease agreement referred to above, the Company and its subsidiaries shall have the right to purchase the assets upon the expiry of the lease agreement and the Company shall have to comply with certain conditions and restrictions as specified in the lease agreement.

Liabilities under financial lease agreement for the portion due within one year were shown under “current liabilities” in the statements of financial position.

21. Employee Benefit Obligations

Movement of employee benefit obligations for the years ended December 31, 2016 and 2015 shown as follow:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
The statements of financial position	2016	2015	2016	2015
Employee benefit obligations, beginning of the year	50,880,354	41,336,361	34,687,209	25,882,877
Current Service costs and interest	14,346,714	11,897,610	10,898,953	8,804,332
Employee benefit obligations paid	(2,376,606)	(992,250)	(516,606)	-
Gain estimation over actuarial principles	(5,103,181)	(1,361,367)	(3,017,863)	-
Loss of control in subsidiary	(498,718)	-	-	-
Employee benefit obligations, ending of the period	57,248,563	50,880,354	42,051,693	34,687,209

The Company and its subsidiaries recognized actuarial gain in the statements of other comprehensive income.

Revenues and expenses recognized in the statement of comprehensive income for the years ended December 31, 2016 and 2015 are as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
The statement of comprehensive income				
Recognized in profit or loss				
Current service costs				
Cost of sales and services	5,445,439	4,612,682	4,138,247	3,476,754
Selling expenses	461,677	244,090	-	-
Administrative expenses	3,819,521	3,346,104	3,308,582	2,716,802
Management benefit expenses	3,028,422	2,443,700	2,111,950	1,607,504
Interest on obligation	1,591,655	1,251,034	1,340,174	1,003,272
Total	14,346,714	11,897,610	10,898,953	8,804,332
Recognized in other comprehensive income				
Gain estimation over actuarial principles	(5,103,181)	(1,361,367)	(3,017,863)	-
Total	(5,103,181)	(1,361,367)	(3,017,863)	-
Total	9,243,533	10,536,243	7,881,090	8,804,332

Gain and loss from the estimate based on actuarial principles recognized in the statement of comprehensive income for the year ended December 31, 2016 arise from

Recognize in the statement of comprehensive income

(In Baht)

	Consolidated Financial Statements	Separate Financial Statements
Improvement from experience	(21,567,289)	(13,957,057)
Population assumption	708,015	(513,664)
Financial assumption	15,756,093	11,452,858
Total	(5,103,181)	(3,017,863)

The main assumptions in the assessment financial assumptions

For the year ended December 31, 2016	Percentage	
	Consolidated Financial Statements	Separate Financial Statements
Discount rate	2.00 - 2.82	2.66
Salary increase rate	4.00 - 10.00	7.00
Employee turnover rate	0.00 - 25.00	10.00 - 20.00
Mortality rate	100 of Table of death B.E.2008	100 of Table of death B.E.2008

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarized below:

(In Million Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	Increase	Decrease	Increase	Decrease
Discount rate (percentage of change 1)	(5.92)	6.93	(4.37)	5.10
Future salary increase rate (percentage of change 1)	6.71	(5.84)	4.87	(4.26)
Staff turnover rate (percentage of change 10)	(6.02)	7.04	(5.01)	5.86

22. Capital Management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the separate statements of financial position as at December 31, 2016 and 2015, the Company's debt-to-equity ratio was 0.60 : 1 and 0.57 : 1, respectively.

According to the consolidated statements of financial position as at December 31, 2016 and 2015, the Company and its subsidiaries's debt-to-equity ratio was 0.68 : 1 and 0.64 : 1, respectively.

23. Share Capital

On April 21, 2015, the Annual General Meeting No. 1/2015 of the Company's shareholders unanimously approved to decrease the share capital 47,000 common shares at a par value of Baht 1 per share from previously Baht 441,500,555 to the new share capital Baht 441,453,555. The Company has already registered with Department of business Development, Ministry of Commerce on May 6, 2015.

Reconciliation in the number of ordinary shares

(In Thousand shares)

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2016	2015	As at December 31, 2016	2015
Registered ordinary shares				
Number of ordinary shares at the beginning of the years	441,454	441,501	441,454	441,501
Increase (Decrease) in share capital	-	(47)	-	(47)
Number of ordinary shares at the end of the years	441,454	441,454	441,454	441,454
Issued and paid-up share capital				
Number of ordinary shares at the beginning of the years	441,454	441,454	441,454	441,454
Increase in number of ordinary shares due to exercise of warrants	-	-	-	-
Number of ordinary shares at the end of the years	441,454	441,454	441,454	441,454

24. Statutory Reserve

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

Under the terms of the Civil and Commercial Code, twelve subsidiaries is required to set aside as statutory reserve at least 5 percent of its net income at each dividend declaration as the statutory reserve until the statutory reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

25. Appropriation Of Retained Earnings - Dividend

The Company

On April 25, 2016, the General Meeting of Shareholders had approved as follows:

The dividends had been paid for the performance of the year 2015 to the Company's shareholders. The list of shareholders who entitled to receive the dividend was determined on May 9, 2016, and by closing the register and suspending the transfer of shares which held on May 10, 2016 for 441,453,555 shares, the rate of Baht 0.33 each shares, at the amount of Baht 145.68 million. The dividends had been paid on May 23, 2016.

On April 21, 2015, the General Meeting of Shareholders had approved as follows:

The dividends had been paid for the performance of the year 2014 to the Company's shareholders. The list of shareholders who entitled to receive the dividend was determined on April 29, 2015, and by closing the register and suspending the transfer of shares which held on April 30, 2015 for 441,453,555 shares, the rate of Baht 0.50 each shares, at the amount of Baht 220.73 million. The dividends had been paid on May 15, 2015.

Subsidiaries

According to the Annual General Meeting of its subsidiary, it had approved to pay the annual dividend for the year 2015 including the dividends which had been paid as interim dividends by resolution of the Board of Company's Directors. The details are shown as follows:

Company's name	BODs/Shareholders' meeting date	Baht per Share	Amount (million baht)	Dividend payment Date
Business Applications Company Limited	April 19, 2016	160.00	16.00	May 13, 2016
Soft Square 1999 Company Limited	April 21, 2016*	26.50	7.95	May 13 2016
Hongson Software Company Limited	April 21, 2016*	94.00	4.70	May 13, 2016
Soft Professional Company Limited	April 21, 2016*	33.00	1.65	May 13, 2016
Soft Plus Technology Company Limited	April 21, 2016*	29.00	1.45	May 13, 2016
K Soft Consulting Company Limited	April 22, 2016*	28.00	1.40	May 13, 2016
Sammok Software Company Limited	April 21, 2016*	66.00	1.98	May 13, 2016
Total			35.13	

* Date of the Annual General Meeting of Shareholders

According to the Annual General Meeting of its subsidiary, it had approved to pay the annual dividend for the year 2014 including the dividends which had been paid as interim dividends by resolution of the Board of Company's Directors. The details are shown as follows:

Company's name	BODs/Shareholders' meeting date	Baht per share	Amount (million baht)	Dividend payment date
Business Applications Company Limited	April 20, 2015	200	20.00	May 7, 2015
Soft Square 1999 Company Limited	April 17, 2015*	52	15.60	May 6, 2015
Hongson Software Company Limited	April 17, 2015*	115	5.75	May 6, 2015
Soft Professional Company Limited	April 20, 2015*	36	1.80	May 6, 2015
Soft Plus Technology Company Limited	April 17, 2015*	42	2.10	May 6, 2015
K Soft Consulting Company Limited	April 20, 2015*	42	2.10	May 6, 2015
Sammok Software Company Limited	April 20, 2015*	64	1.92	May 6, 2015
Motif Technology Public Company Limited	April 18, 2015*	0.1625	13.00	May 7, 2015
Total			62.27	

* Date of the Annual General Meeting of Shareholders

26. Tax expense (income)

26.1 Major components of tax expense (income)

For the years ended December 31, 2016 and 2015 consisted of:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the year	52,724,502	51,010,832	47,613,897	42,052,482
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	2,663,189	1,104,025	2,877,621	1,625,620
Revaluation of the deferred tax resulting from changing in tax rates	(33,381)	29,920	-	-
Total	55,354,310	52,144,777	50,491,518	43,678,102
Income tax relating to components of other comprehensive income :				
Deferred tax relating to :				
Remeasuring available for sale investments	387,872	10,833	345,500	23,710
Gain estimation over actuarial principle	1,397,486	272,273	603,573	-
Total	1,785,358	283,106	949,073	23,710

26.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2016 and 2015 which are summarized as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Accounting profit (loss) for the period	277,803,087	254,370,061	238,359,130	259,245,137
The applicable tax rate (%)	20	20	20	20
Tax expense (income) at the applicable tax rate	55,560,617	50,874,012	47,671,826	51,849,027
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	10,931,089	6,358,543	11,577,862	4,787,768
Tax effect of income or profit that are not required in determining taxable profit:				
- Exemption of non-taxable dividend income	-	-	(7,025,889)	(12,453,860)
- Gain from initial recognition of investment in associated at the fair value in the consolidated financial statements	(9,466,548)	-	-	-
- The exemption of profit of the promoted business (BOI)	(1,186,083)	(4,001,624)	-	-
- Others	(2,102,100)	(632,415)	(1,732,281)	(504,833)
The difference of gain from sale of investments in subsidiaries between the consolidated financial statements and separate financial statements	1,597,143	-	-	-
Revaluation of the deferred tax resulting from changing in tax rates	-	29,920	-	-
Effect of deferred tax from tax rates for the subsidiaries	(1,099,921)	(953,287)	-	-
Tax losses not recognized in prior periods but used to reduce current tax expense	(1,747,306)	-	-	-
Loss on tax base that has not been recorded deferred tax asset	-	224,427	-	-
Other	2,867,419	245,201	-	-
Total reconciliation items	(206,307)	1,270,765	2,819,692	(8,170,925)
Total tax expense (income)	55,354,310	52,144,777	50,491,518	43,678,102

26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2016 and 2015 are summarized as follows:

(In Baht)

	Consolidated Financial Statements			
	2016		2015	
	Tax amount	Tax rate (%)	Tax amount	Tax rate (%)
Accounting profit (loss) before tax expense for the year	277,803,087		254,370,061	
Tax expense (income) at the applicable tax rate	55,560,617	20.00	50,874,012	20.00
Reconciliation items	(206,307)	(0.07)	1,270,765	0.50
Tax expense (income) at the average effective tax rate	55,354,310	19.93	52,144,777	20.50

(In Baht)

	Separate Financial Statements			
	2016		2015	
	Tax amount	Tax rate (%)	Tax amount	Tax rate (%)
Accounting profit (loss) before tax expense for the year	238,359,130		259,245,137	
Tax expense (income) at the applicable tax rate	47,671,826	20.00	51,849,027	20.00
Reconciliation items	2,819,692	1.18	(8,170,925)	(3.15)
Tax expense (income) at the average effective tax rate	50,491,518	21.18	43,678,102	16.85

27. Expenses By Nature

Significant expenses by nature are follow:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Changes in cost of work in process	34,193,478	48,891,061	51,750,200	75,551,276
Purchase of inventories and service	1,910,494,683	1,991,202,427	1,655,529,889	1,801,917,254
Employee costs	829,585,857	865,179,073	626,069,466	648,772,491
Depreciation and amortization	46,642,979	62,707,255	34,854,487	45,967,017
Gain (loss) on exchange rate	2,307,843	3,281,186	2,265,291	3,140,281
Impairment loss on investment in subsidiary and goodwill	46,149,732	16,000,000	43,301,606	17,445,292

28. Earnings Per Share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the parent company for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Profit for the years (Baht)				
Profit attributable to equity holders of the parent company	221,766,295	196,533,225	187,867,612	215,567,035
Weighted average number of ordinary shares (shares)	441,453,555	441,453,555	441,453,555	441,453,555
Basic earnings per share of the parent company				
Profit for the years (Baht per share)	0.50	0.45	0.43	0.49

29. Financial Information By Segment

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.

The businesses of the Company and its subsidiaries involve the systems integration, maintenance service and IT professional service with the main operation in the single geographic area in Thailand. Segment performance is considered by revenue and gross profit, and is also measured based on the group operating profit or loss, on a basis consistent with used to measure operating profit or loss in the financial statement. The Company and its subsidiaries information for the years ended December 31, 2016 and 2015 by segments are as follows:

Consolidated Financial Statements										(Million Baht)
For the years ended December 31,										
	Systems intergration		Maintenance service		IT Professional service		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2015	
External revenue	1,742	1,954	899	909	580	470	-	-	3,333	
Inter-segment revenues	2	17	2	1	94	46	(98)	(64)	-	
Total revenues	1,744	1,971	901	910	674	516	(98)	(64)	3,333	
Segment income	227	268	282	326	180	199	-	-	793	
Unallocated income and expenses:										
Other income							152		49	
Selling expenses							(107)		(124)	
Administrative expenses							(456)		(457)	
Finances costs							(3)		(5)	
Share of profit (loss) of associates							3		(2)	
Income tax (income) expense							(55)		(52)	
Profit for the years							223		202	
Other comprehensive income							5		1	
Total comprehensive income for the years							228		203	
As at December 31,										
Property, plant and equipment							115		119	
Intangible assets							27		31	
Other assets							3,186		2,991	
Total assets							3,328		3,141	

Transfer prices between business segment are as set out in Note 5 to the financial statements.

30. Promotional Privileges

On September 26, 2016, the Company was granted the following tax privileges for its software business under the category of ENTERPRISE SOFTWARE, DIGITAL CONTENT and EMBEDDED SOFTWARE under the Investment Promotion Act B.E. 2520 issued by the Board of Investment as follows:

- Exemption from corporate income tax on net profit for a period of five years commencing as from the date of first earning of operating income.
- Dividends paid from promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.
- Exemption from import duty on machinery as approved by the Board of Investment.

To be entitled to these rights and privileges, the Company must comply with the conditions specified in the promotional certificate.

Six subsidiaries receive tax privileges for the software business. The privileges are corporate income tax exemption, import duty on machinery, tax exemption on dividend income from the promoted business, etc.

As a promoted business, the Company and subsidiaries have to comply with the terms and conditions as specified in the promotion certificate.

The Company and its subsidiaries's results of operations classified by the promoted and non-promoted activities for the years ended December 31, 2016 and 2015 are as follows:

(In Baht)

Consolidated Financial Statements						
For the year ended December 31,						
	Promoted operations		Non-promoted operations			Total
	2016	2015	2016	2015	2016	2015
Sales and service income						
(Program development)	106,513,465	154,955,386	3,114,134,063	3,178,707,980	3,220,647,528	3,333,663,366

(In Baht)

Separate Financial Statements						
For the year ended December 31,						
	Promoted operations		Non-promoted operations			Total
	2016	2015	2016	2015	2016	2015
Sales and service income						
(Program development)	-	-	2,707,524,776	2,839,803,076	2,707,524,776	2,839,803,076

31. Provident Fund

The Company, the subsidiaries and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by the Company, the subsidiaries and their employees at the rate of 3 - 7 percent of their basic salaries. The fund is managed by a licensed Fund Manager and will be paid to employees upon termination of employment in accordance with the rules of the provident fund.

The Company and subsidiaries's contributions for the years ended December 31, 2016 and 2015 amounted to Baht 24.77 million and Baht 24.70 million, respectively.

The Company's contributions for the years ended December 31, 2016 and 2015 amounted to Baht 20.65 million and Baht 20.09 million, respectively.

32. Commitments And Contingent Liabilities

32.1 Bank guarantees

As at December 31, 2016, there were outstanding bank guarantees issued by the bank on behalf of the Company of Baht 271.40 million (December 31, 2015 : Baht 707.63 million) and on behalf of the subsidiaries of Baht 29.94 million (December 31, 2015 : Baht 45.33 million) in respect of certain performance obligations required in the normal course of business of the Company and its subsidiaries.

32.2 Commitments on long-term lease agreement

32.2.1 As at December 31, 2016, the Company and its subsidiaries had commitments in respect of office rental agreements

Future rental payments are as follows:

(Million Baht)

	Consolidated Financial Statements	Separate Financial Statements
Payable within:		
2017	31.26	21.83
2018	18.64	14.05
2019	6.36	6.14

32.2.2 For commitment on sale or service under the agreement as at December 31, 2016 and 2015, the Company and its subsidiary have product/service selling agreement that has not been rendered to the customer at Baht 1,627 million and Baht 1,400 million, respectively. The separate company only has the product/service selling agreement that has not been rendered to the customer as at December 31, 2016 and 2015 at Baht 1,330 million and Baht 1,247 million, respectively.

32.3 Contingent liabilities on lawsuit

Case 1

On June 7, 2010, a governmental client cancelled the buy-sell and installation of system development agreement, dated September 1, 2008, in the amount per agreement of Baht 326.99 million. (The project is undertaken by a group of working team, under a specific agreement. The proportion of works to be performed by the parties are clearly specified. For the investment in this project, the Company has invested in a part of computer system installation in amount of Baht 113.79 million of agreement and the process of installations was completed). But the opinion of the management is that the client does not have right to cancel the such agreement. The buy-sell and installation of work system agreement is still obligated. The cancellation of the agreement of the client is an action to prevent the delivery of work to client within the time as specified by agreement, including an order to take the hardware back. It deems to be a violation of agreement by the client. So that, the Company use the right to cancel the buy-sell and installation of work system agreement as letter on October 14, 2010.

On April 30, 2012, the Company had filed lawsuit against the client to the Intellectual Property and International Trade Center Court, by interpleading into this case and claiming damages in

the aggregate amount of Baht 161.27 million. On May 21, 2012, the Company was filed by the customer in a Civil case against the Intellectual Property and International Trade Center as a first defendant, and the four defendants from the breach of contract and installation system with the capital Baht 326.99 Million and on June 25, 2012 the Company has attested to the Court by denying the claim of the plaintiff for being not breaching the contract but it is from the plaintiff's side. So it is not liable for damages as filed.

On March 26, 2015, the Civil case against the Intellectual Property and International Trade Center ordered the Company to return the prepaid wage to the customer amounting to Baht 32.70 million with interest rate 7.5% per annum from the date of receipt until the date of filing amounting to Baht 8.94 million totaling Baht 41.64 million and the damage compensation to the customer amounting to Bath 5 million with interest rate 7.5% per annum from the date of filing onwards until the payment is settled. And On July 23, 2015, the Company has appealed.

As at December 31, 2016, the Company's management expect that the damage opportunity will not have an impact on the Company. Furthermore, the Company has a memorandum of understanding with a company that enables the group working agreement to return the prepaid wage to the Company amounting to Baht 30 million and agrees to be solely responsible for all damages, fines and costs in accordance with the court order. As at December 31, 2016, the Company is under the Supreme Court. The refore, the Company has not provided an allowance for losses that may occur in the financial statements.

Case 2

On September 28, 2010, the Company was sued by a client to the Central Intellectual Property and International Trade Court

on the charges of breaking computer system installment and consulting contract with the capital amount of Baht 3.89 million. On December 9, 2010, the Company had argued the case for the capital amount of Baht 4.68 million.

As at December 31, 2016, the court has a ruling and the Company is under appeal. However, the management of the Company comment that the possibilities of damage are uncertain. Therefore, the Company has not set the allowance for any damage that may occur in the financial statements.

32.4 Contingent liabilities on service agreement

A subsidiary may have contingent liabilities from the penalty of a service agreement with a government agency. Under the term of the Agreement, in case of the party has delayed work delivery, the other party has the right to charge the penalty fee for such delay at the rate as specified in the agreement. The subsidiary has completed delivery of work in delay which exceeds the period as specified in the agreement.

In all events, the management of subsidiary has indicated the details and documentary evidences in relation with work delivery for clarification of such delivery case that it is not the fault of the subsidiary to the other party. The management of the subsidiary has reserved the damages at the aggregate amount of Baht 4.93 million, in which the management has believed that it is adequate for settlement of arisen damages. Such item is recognized in the consolidated statement of loss and profit for the year ended December 31, 2016 under the account of administrative expenses.

As at August 30, 2016, the subsidiary filed to the Central Administration Court to claim damage from the above customer with the capital of Baht 93.93 million with interest at 7.5% per annum. Now it is under litigation process.

As at December 31, 2016, the subsidiary has arranged the summary of the debtor in connection with the service agreement in the amount of Baht 29.83 million.

33. Financial Instruments

33.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 4.

33.2 Financial risk management for financial instruments

The Company and its subsidiaries manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not hold or issue any derivative financial instruments except forward exchange contracts that are used as risk management tools. The Company does not have a policy to engage in any derivative financial transactions for speculative or trading purposes.

33.3 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and receivable under finance lease agreement. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

33.4 Interest rate risk

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loans from financial institutions trust receipts and liabilities under finance lease agreements long - term loans. However, since most of their 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.

Significant financial assets and liabilities as at December 31, 2016 and 2015 classified by type of interest rates are summarized as follows:

(In Baht)

Consolidated Financial Statements				
As at December 31, 2016				
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	232,424,886	1,090,169	9,466,452	242,981,507
Short-term investment	-	667,257	707,811,168	708,478,425
Trade and other accounts receivable	-	-	635,707,186	635,707,186
Receivable under financial lease agreements	-	4,671,597	-	4,671,597
Unbilled receivable	-	-	422,569,926	422,569,926
Loans to relates parties	-	-	746,663	746,663
Pledged deposits at financial institutions	3,300,000	-	-	3,300,000
Long-term investments	-	-	95,766,885	95,766,885
Financial liabilities				
Bank overdrafts and short-term loans				
from financial institutions	5,489,936	-	-	5,489,936
Trade and other payable	-	-	591,554,138	591,554,138
Accrued expenses	-	-	171,282,525	171,282,525
Unbilled payable	-	-	165,661,150	165,661,150
Liabilities under financial lease agreements	-	4,941,229	-	4,941,229

(In Baht)

Consolidated Financial Statements				
As at December 31, 2015				
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	98,433,419	1,080,843	2,933,928	102,448,190
Short-term investment	-	5,885,180	251,671,031	257,556,211
Trade and other accounts receivable	-	-	1,028,611,558	1,028,611,558
Receivable under financial lease agreements	-	13,872,456	-	13,872,456
Unbilled receivable	-	-	373,400,289	373,400,289
Loans to relates parties	-	-	746,663	746,663
Pledged deposits at financial institutions	15,000,000	-	-	15,000,000
Long-term investments	-	-	27,093,496	27,093,496
Financial liabilities				
Bank overdrafts and short-term loans				
from financial institutions	35,401,602	-	-	35,401,602
Trade and other payable	-	-	526,489,303	526,489,303
Accrued expenses	-	-	182,951,832	182,951,832
Unbilled payable	-	-	148,511,903	148,511,903
Liabilities under financial lease agreements	-	8,490,528	-	8,490,528

(In Baht)

Separate Financial Statements				
As at December 31, 2016				
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	164,988,475	-	1,264,614	166,253,089
Short-term investment	-	-	612,670,322	612,670,322
Trade and other accounts receivable	-	-	461,196,033	461,196,033
Receivable under financial lease agreements	-	3,396,566	-	3,396,566
Unbilled receivable	-	-	383,236,897	383,236,897
Loans to subsidiaries	3,922,124	-	-	3,922,124
Loans to relates parties	-	-	746,663	746,663
Long-term investments	-	-	836,880,001	836,880,001
Financial liabilities				
Trade and other payable	-	-	503,969,066	503,969,066
Accrued expenses	-	-	156,816,359	156,816,359
Unbilled payable	-	-	151,203,372	151,203,372
Liabilities under financial lease agreements	-	2,121,047	-	2,121,047

(In Baht)

Separate Financial Statements				
As at December 31, 2015				
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	40,926,416	-	439,154	41,365,570
Short-term investment	-	-	172,950,073	172,950,073
Trade and other accounts receivable	-	-	882,218,513	882,218,513
Receivable under financial lease agreements	-	7,270,036	-	7,270,036
Unbilled receivable	-	-	276,592,491	276,592,491
Loans to subsidiaries	5,749,708	-	-	5,749,708
Loans to relates parties	-	-	746,663	746,663
Long-term investments	-	-	872,626,607	872,626,607
Financial liabilities				
Bank overdrafts and short-term loans				
from financial institutions	154,725	-	-	154,725
Trade and other payable	-	-	497,548,135	497,548,135
Accrued expenses	-	-	163,540,063	163,540,063
Unbilled payable	-	-	132,685,840	132,685,840
Liabilities under financial lease agreements	-	4,815,743	-	4,815,743

33.5 Foreign currency risk

The exposure of the Company and its subsidiaries to foreign currency risk relates primarily to its trade accounts payable that are denominated in foreign currencies. The Company and its subsidiaries utilizes forward exchange contracts, mostly with maturities of no more than one year, in order to hedge the foreign currency risk related to these payables.

As at December 31, 2016 and 2015, the Company and its subsidiaries have assets and liabilities denominated in foreign currency are as follows :

Consolidated Financial Statements				
	As at December 31, 2016		As at December 31, 2015	
The value of foreign currency assets - USD	USD	19 thousand	USD	49 thousand
The value of foreign currency liabilities - USD	USD	10,781 thousand	USD	3,463 thousand
The value of foreign currency liabilities - SGD	SGD	- thousand	SGD	7 thousand

Separate Financial Statements				
	As at December 31, 2016		As at December 31, 2015	
The value of foreign currency assets - USD	USD	19 thousand	USD	49 thousand
The value of foreign currency liabilities - USD	USD	10,723 thousand	USD	3,317 thousand
The value of foreign currency liabilities- SGD	SGD	- thousand	SGD	7 thousand

As at December 31, 2016, the Company and its subsidiaries had forward exchange contracts of USD 5.75 million (The Company had forward exchange contracts of USD 5.75 million) with the exchange rates of Baht 34.6565 to Baht 36.60 per USD 1, to be mature within 1 - 12 months.

33.6 Liquidity risk

The Company and its subsidiaries manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

33.7 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the latest market price or by using an appropriate valuation basis, depending on the nature of the instrument.

Since the majority of the financial assets and liabilities of the Company and its subsidiaries are short-term in nature, their fair values are not expected to differ materially from the amounts presented in the statements of financial position.

The fair values of significant financial assets and financial liabilities do not differ from their carrying values.

34. Fair Value Of Financial Instrument

The Company and its subsidiaries uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1	Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).
Level 3	Use of unobservable inputs such as estimates of future cash flows.

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

(In Baht)

Consolidated Financial Statements				
2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
- Unit trust	-	707,811,168	-	707,811,168

(In Baht)

Consolidated Financial Statements				
2015				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
- Unit trust	-	251,671,031	-	251,671,031

(In Baht)

Separate Financial Statements				
2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
- Unit trust	-	612,670,322	-	612,670,322

(In Baht)

Separate Financial Statements				
2015				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
- Unit trust	-	172,950,073	-	172,950,073

Valuation techniques on fair value and inputs for Level 2 valuations

(a) The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the net assets value per unit as announced by the fund managers.

During the current period, there were no transfers within the fair value hierarchy.

35. The Revised Accounting Standards Are Not Yet Effective In The Current Year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2016)	Operating Segments

TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016)
TFRIC 10 (revised 2016)	Financial Reporting in Hyperinflationary Economics
TFRIC 12 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Service Concession Arrangements
TFRIC 14 (revised 2016)	Customer Loyalty Programmes
TFRIC 15 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 20 (revised 2016)	Transfers of Assets from Customers
TFRIC 21 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

36. Authorization For Issue Of Financial Statements

These financial statements were authorized for issue by the Company's Board of Directors on February 28, 2017.



Interrelated Transactions

Normal Business Transaction

MFEC Public Company Limited had Business Transactions - purchase and sales of goods and services which interrelated with its subsidiaries and associate. Such interrelated transactions complied with general trade conditions and requirements set in the principles of mutual agreements between MFEC and its subsidiaries and associate for normal businesses.

Related Person/ Juristic Person	Relationship	Transaction	Value (million baht)		Necessity and Reasonableness
			2016	2015	
MIS	Subsidiary company which MFEC holds the share at the aggregate rate of 99.99%	Sales of goods and services (Computers)	-	0.49	MFEC sold computers and provided maintenance services for the computers. The mentioned price is nearly the market price.
		Office Service	0.53	0.36	MFEC provided services in accounting and financial, and general management. The mentioned price is based on the amount of provided services.
		Purchase of goods and Services	-	-	MFEC Purchases office equipment.
MISO	Subsidiary company which MFEC holds the share at the aggregate rate of 99.99%	Sales of goods and services (Professional Service)	-	0.01	MFEC procured the Professional Service to develop software system as a part of selling. The mentioned price is nearly the market price.
		Purchase of goods and Services	1.96	-	MFEC rented computer equipment. The mentioned price is nearly the market price.
MOTIF	Subsidiary company which MFEC holds the share at the aggregate rate of 99.99%	Sales of goods and services (Professional Service)	57.03	-	MFEC provided Professional Service to develop the computer programs and maintenance service. The mentioned price is nearly the market price.
		Purchase of goods and services (Professional Service)	3.86	2.25	MFEC procured Outsourcing and the Professional Service to develop the computer programs. The mentioned price is nearly the market price.
BAC	Subsidiary company which MFEC holds the share at the aggregate rate of 99.99%	Sales of goods and services (Professional Service)	-	-	MFEC provided Technical Consulting Service and other services. The mentioned price is nearly the market price.

Related Person/ Juristic Person	Relationship	Transaction	Value (million baht)		Necessity and Reasonableness
			2016	2015	
		Purchase of goods and services (Professional Service)	0.24	1.13	MFEC provided Professional Service to develop the computer programs and maintenance service. The mentioned price is nearly the market price.
PN	Subsidiary Company which MFEC holds the share at the aggregate rate of 60%.	Provide office service	0.06	0.24	MFEC provided the professional service related to Accounting, Finance and General Management. The mentioned price was agreed by considering the appropriateness of working quantity.
		Purchase of goods and services (Professional Service)	0.19	0.19	MFEC procured the Professional Service to develop computer programs. The mentioned price is nearly the market price.
PN	From 12 th May 2016 MFEC holds 20 percent of the company's capitals.	Provide office service	0.18	-	MFEC provided the professional service related to Accounting, Finance and General Management. The mentioned price was agreed by considering the appropriateness of working quantity.
		Purchase of goods and services (Professional Service)	0.57	-	MFEC procured the Professional Service to develop computer programs. The mentioned price is nearly the market price.
AIM	Subsidiary company which MFEC holds the share at the aggregate rate of 60%	Provide office service	0.06	0.06	MFEC provided professional service related to Accounting, Finance and General Management. The mentioned price was agreed by considering the appropriateness of working quantity.
		Purchase of goods and services (Professional Service)	1.77	-	MFEC procured the Professional Service to develop computer programs. The mentioned price is nearly the market price.
SS1999	Subsidiary company which MFEC holds the share at the aggregate rate of 99.99%	Purchase of goods and services (Professional Service)	-	-	MFEC procured Professional Service to develop computer programs. The mentioned price is nearly the market price.
KKS	Subsidiary Company which SS1999 holds the share at the aggregate rate of 99.99%	Purchase of goods and services (Professional Service)	2.81	-	MFEC procured software and Professional Service to develop computer programs. The mentioned price is nearly the market price.

Related Person/ Juristic Person	Relationship	Transaction	Value (million baht)		Necessity and Reasonableness
			2016	2015	
KS	Subsidiary company of MFEC holds 99.99 percent	Purchase of goods and services (Professional Service)	-	1.50	MFEC procured software and system development service. The mentioned price is nearly the market price.
SM	Subsidiary company of MFEC holds 99.99 percent	Purchase of goods and services (Professional Service)	-	3.90	MFEC procured software and system development service. The mentioned price is nearly the market price.
ANGSTROM	Associated company which MFEC holds the share at the aggregate rate of 40%.	Sales of goods and services (Professional Service)	7.10	7.00	MFEC provided the Professional Service to develop computer programs and maintenance service for using software as the investment in the part of sale. The mentioned price is nearly the market price.
TIS	The company holds 18 percent of MFEC's capital. Mr. Kiyotaka Nakamura is a director/executive of both companies.	Sales of goods and services (Professional Service)	0.22	-	MFEC provided professional services. The mentioned price is nearly the market price.
		Purchase of goods and services (Professional Service)	0.02	-	MFEC provided Professional Service to develop the computer programs and maintenance service. The mentioned price is nearly the market price.
Panjaluck Pasuk	Mr. Siriwat Vongjarukorn is a director of both companies.	Sales of goods and services (Professional Service)	0.52	-	MFEC provided professional services. The mentioned price is nearly the market price.

Financial Assistance

Related Person/ Juristic Person	Relationship	Transaction	Value (million baht)		Necessity and Reasonableness
			2016	2015	
PN	Subsidiary Company which MFEC holds the share at the aggregate rate of 60%	Interest received	0.06	0.29	MFEC loans PN for investment in relation with project management at the aggregate interest rate of MLR-1.5%, which is the regular rate of bank loans for the first-class customer.
PN	From 12 th May 2016 MFEC holds 20 percent of the company's capital.	Interest received	0.03	-	MFEC loans PN for investment in relation with project management at the aggregate interest rate of MLR-1.5%, which is the regular rate of bank loans for the first-class customer.

Related Person/ Juristic Person	Relationship	Transaction	Value (million baht)		Necessity and Reasonableness
			2016	2015	
AIM	Subsidiary company which MFEC holds the share at the aggregate rate of 60%	Interest received	0.45	0.64	MFEC loans PN for investment in relation with project management at the aggregate interest rate of MLR-1.5%, which is the regular rate of bank loans for the first-class customer.
		Guarantees on Bank Loan	0.03	0.03	The fee of Bank Guarantee in the rate of 1%
ANGSTROM	Subsidiary company which MFEC holds the share at the aggregate rate of 40%	Interest received	-	0.14	MFEC loans ANGSTROM for investment in relation with project management at the aggregate interest rate of MLR-1.5%, which is the regular rate of bank loans for the first-class customer.

Reference to remark attached with Financial Statement - Item 5 for the end as of the ending year as of December 31st, 2016

Approval measure or procedure for an interrelated transaction

An interrelated transaction shall be submitted at the Board of Directors' meeting for approval. The Audit Committee shall attend the meeting to consider and approve such transaction. Such transaction shall be complied with the Securities and Exchange laws, regulations, announcement, notification and requirements of the Stock Exchange of Thailand. Those who might have conflict of interest or stakes in the interrelated transactions have no voting rights in the interrelated transactions.

Guidelines or trend in making an interrelated transaction with a person who may have conflict of interests in the future

Guidelines on interrelated transactions

Interrelated transactions that will likely occur in the future can be grouped into two categories.

1. Normal and continuous transactions.

The company will determine the principles and guidelines for the normal and continuous transactions with general trade conditions, fair, reasonable and traceable prices. The principles and guidelines will be proposed to the Audit Committee for approval and comments on rational of each transaction.

2. Special and occasional transactions.

The Audit Committee will be assigned to comment on appropriateness of each transaction. If the Audit Committee does

not have expertise in an interrelated transaction, the company will assign an expert such as an auditor or an asset evaluator or a law office, etc. who is independent from the company and the person who may have conflict of interest to make comments on such transaction. The comments will be used as information for the committee or the shareholders as the case may be.

Interrelated transactions/future trend

1. As for an interrelated transaction on rental office and parking space, the transactions will continue in the future. If the rental fee, and/or conditions of rent are changed, the company would consider the appropriateness and implement according to the rules and guidelines that the Audit Committee has considered and approved. Whether an interrelated transaction will be made with a company that may have conflicts with, it is subject to appropriateness and necessity of each transaction. If such interrelated transaction occurs, the company will abide by the guideline the Audit Committee considers and approves.

2. As for an interrelated transaction on guarantee. If the company places collaterals against credits requested by its subsidiaries, the company has a policy to place the amount of collateral in accordance with its stake in its subsidiaries. In the case that the company cannot comply with such guideline, the company will proceed in accordance with the Securities and Exchange Commission (SEC)'s requirements on the information disclosure and interrelated transactions of the listed companies.



Financial Summary for the Year 2016

(In Baht)

	Company and Subsidiaries		
	2016	2015	2014
Total Revenues (Baht)	3,372,393,817	3,382,329,728	5,175,923,164
Revenues from Sales and Service (Baht)	3,220,647,528	3,333,663,366	5,132,254,613
Gross Profit (Baht)	693,456,579	794,074,366	961,447,290
Net Profit (Baht)	221,766,295	196,533,226	270,427,033
Total Assets (Baht)	3,328,181,138	3,140,640,773	3,546,435,656
Total Liabilities (Baht)	1,344,480,252	1,224,979,215	1,612,478,918
Total shareholder's equity of the parent company (Baht)	1,977,205,229	1,895,702,704	1,918,689,882
Non-controlling interests (Baht)	6,495,657	19,958,854	15,266,855
Profitability:			
Gross profit margin (%)	21.53	23.82	18.76
Net profit (%)	6.58	5.85	5.22
Return On Investment:			
Return on total assets (%)	6.66	6.30	8.15
Return on equity (%)	11.37	10.30	14.09
Liquidity & Stability:			
Current ratio (Times)	1.99	2.02	1.74
Debt to Equity ratio (Times)	0.68	0.64	0.84
Per Share Data:			
Number of shares (Registered)	441,453,555	441,453,555	441,500,555
Number of shares (Fully paid)	441,453,555	441,453,555	441,453,555
Book value (Baht/Share)	4.48	4.29	4.35
Net profit (EPS) (Baht/Share)	0.50	0.45	0.61
Dividends (Baht/Share) *	0.35	0.33	0.50

* **Remark:** The Board of Directors' Meeting No.1/2016 held on 28 February 2017 passed a resolution to pay dividend for the year 2016 operation results to shareholders at a rate of Baht 0.35 per share. The proposal is to be presented at the Ordinary General Shareholders' Meeting No.1/2016 on 21 April 2017 for further approval.

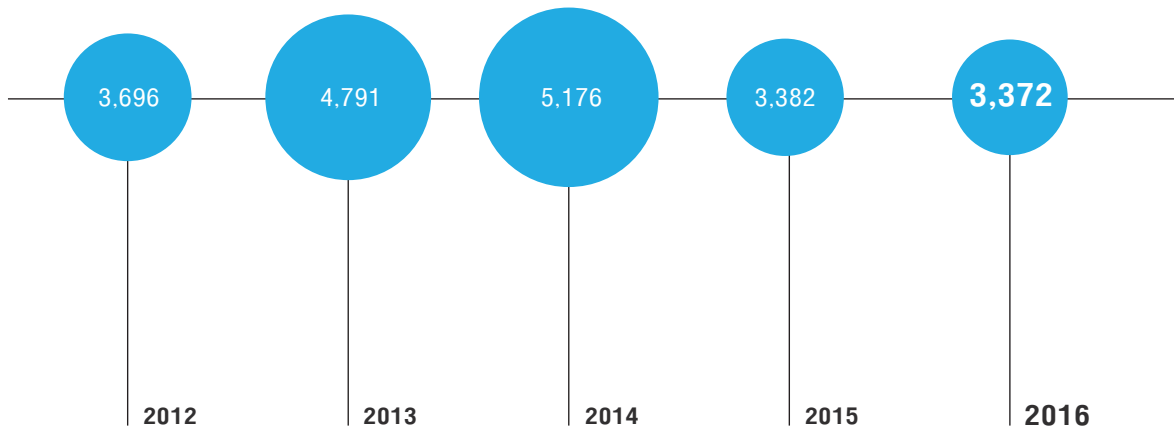


Financial Highlight MFEC & Subsidiaries

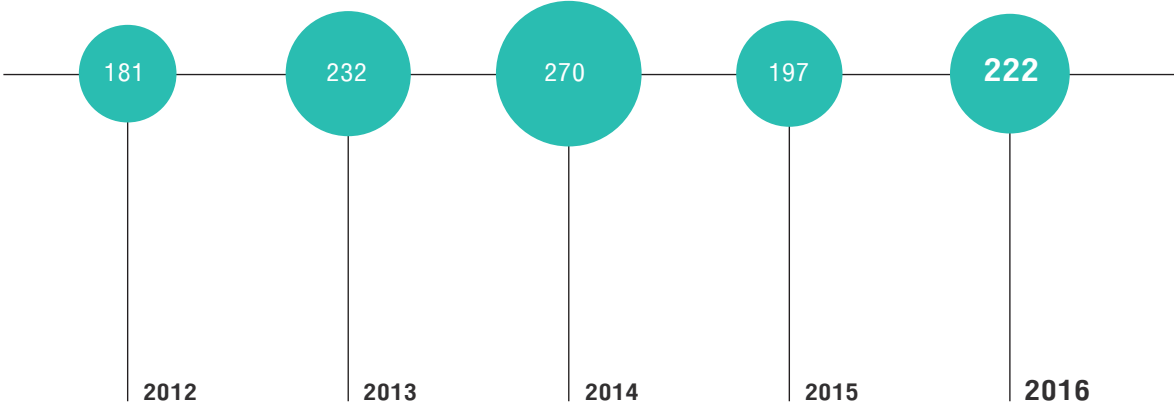
● Revenue | ● Net Profit



Revenue
(Million Baht)



Net Profit
(Million Baht)





Corporate Performance and Financial Status

Explanations and Analysis on Operational Performance and Financial Status

Corporate Performance

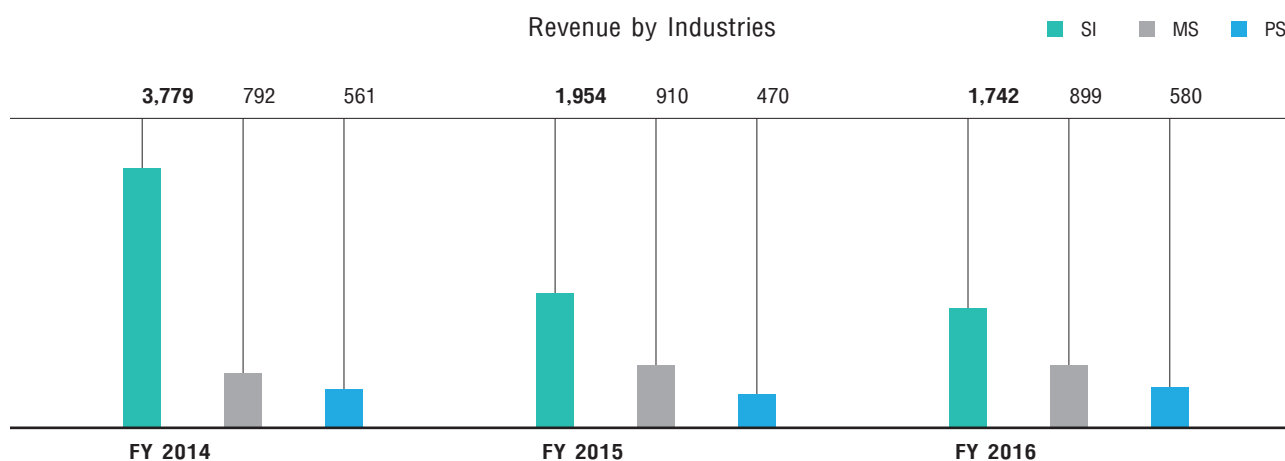
Amid economic slowdowns for Thailand and abroad with IT changes as a catalyze for rapid changes in consumer behavior in 2016, MFEC developed and improved its business operations to keep pace with market demand, technology trend and customer need. Therefore, despite of sharp economic slowdowns, customers' orders dropped but at a moderate level. MFEC's net profit increased 12.8% in 2016. The Company, on a consolidated basis, recorded 5,176 million baht, 3,382 million baht and 3,372 million baht in total income for 2014, 2015 and 2016, respectively. Total income increased (decreased) 8.0%, (34.7%) and (0.3%), respectively. MFEC recorded 270 million baht, 197 million baht and 222 million baht in net profit for 2014, 2015 and 2016, respectively. Its net profit margins were 5.2%, 5.8% and 6.6% in 2014, 2015 and 2016, respectively. The economic

slowdowns and drastic changes in information technology were cited for declines in MFEC's consolidated income and net profit. MFEC's consolidated performance are described below.

As of 31 December 2016, on a consolidated basis, MFEC registered total assets of 3,328 million baht, total liabilities of 1,344 million baht and total shareholders' equity of 1,984 million baht. Of total assets, 77% or 2,558 million baht were current assets and the remaining 23% or 770 million baht were non-current assets. Of total liabilities, 1,284 million baht were current liabilities and the remaining 60 million baht were non-current liabilities. Of total shareholders' equity, 1,977 million baht were controlling interest and 7 million baht were non-controlling interest.

Income

Income from Sales and Services



MFEC generated income from sales and services from three groups: System Integration (SI); Maintenance Services (MS); and Professional Services (PS). Total income from sale and services, on a consolidated basis, amounted to 5,132 million baht, 3,334 million baht and 3,221 million baht in 2014, 2015 and 2016, respectively. Its growth (contraction) rates were 8.5%, (35.0%) and (3.4%), respectively.

In 2016, the Company cited drops in consolidated income mostly on declines in system integration projects and adverse impacts from technological changes that enticed rapid changes

in consumer behavior. Besides, the economic slowdowns led to less number of private and public projects year-on-year in 2016, which prompted lower orders. Each type of income registered the following changes.

Analysis on Income Changes by Product and Service

- Income from System Integration (SI) amounted to 3,779 million baht, 1,954 million baht and 1,742 million baht in 2014, 2015 and 2016, respectively. It increased (decreased) 16.9%, (48.3%) and (11%), respectively. In 2016, its SI-based income

accounted for 52% of total income, lower than the previous year's figure at 58%. The decline in income resulted from less orders from the government sector and public enterprises.

- Income from Maintenance Service (MS) amounted to 792 million baht, 910 million baht and 899 million baht in 2014, 2015 and 2016, respectively. It increased (decreased) (18.1%), 14.9% and (0.01%), respectively. The MS-based income accounted for 27% of total income, the similar proportion of last year.

- Income from Professional Service (PS) amounted to 561 million baht, 470 million baht and 580 million baht in 2014, 2015 and 2016, respectively. It increased (decreased) 5.7%, (16.2%) and 23%, respectively. MFEC's PS-based income accounted for 17% of total income. The rise in PS-based income came from MFEC's business transformation that met market demand, technology trend, while focusing technology services to upgrade businesses of MFEC's customers.

Other income

MFEC had other income, most of which came from suppliers' market promotion as the Company received income from suppliers' market promotion when its purchase orders reached targets, interest receivables, profits from asset sales, gains from foreign exchange rates and other miscellaneous income. Other income totaled 44 million baht, 48 million baht and 40 million baht in 2014, 2015 and 2016, respectively. It increased (decreased) (27.3%), 9.1% and (17%), respectively. The Company's other income accounted for 1.2% of total income. Most of other income came from income derived from suppliers' market promotion of each product. In 2016, the Company liquidated 53,200 shares of PromptNow Company Limited at 1,467 baht apiece for 78.04 million baht. Its book value was 5.32 million baht. As a result, the Company reaped 72.72 million baht from liquidation of investment in the subsidiary as elaborated in the comprehensive separate income statement under "Profit from sales of investments in subsidiaries." The Company booked the discrepancy arising from a loss of controlling interest of a subsidiary as a profit/loss for an accounting period in the consolidated financial statements. The Company recorded profit from revaluation of fair price for the remaining investments at 39.34 million baht. Profit from sales combined with revaluation of fair price totaled 112.07 million baht, estimated at 3.3% of total revenue.

Expenditures

Costs of goods and services

The Company recorded 4,171 million baht, 2,540 million baht and 2,527 million baht in costs of good and services for 2014, 2015

and 2016, respectively. The figure increased (decreased) 9.5%, (39.1%) and (0.49%), respectively. The costs of goods and services stayed at 81.3%, 76.2% and 78.47% of total income from sales and services in 2014, 2015 and 2016, respectively. The Company witnessed a rise in 2016 costs due to relatively high competition for SI as a result of the economic slowdowns and, thus, insufficient expansion in technology investment for the market supply.

Sales and Administrative Expenses

The Company recorded 659 million baht, 581 million baht and 567 million baht in the sales and administrative expenses for 2014, 2015 and 2016, respectively. The expenses increased (decreased) (3.0%), (11.8%) and (2.42%), respectively. The sales and administrative expenses stayed at 12.7%, 17.2% and 16.8% of total income from sales and services in 2014, 2015 and 2016, respectively. The year-on-year drop in 2016 sales and administrative expenses resulted from a decline in the expenses that followed income directly, and more efficient fixed expense management. The Company recorded expenses in actual periods to reflect its actual performance in each accounting year.

Costs of Financing

The Company booked 10 million baht, 6 million baht and 3 million baht in costs of financing for 2014, 2015 and 2016, respectively. the costs of financing increased (decreased) (27.8%), (45.1%) and (46%), respectively due to faster project delivery management and collection of payment from customers. Thus, the Company had better liquidity and used less working capital from borrowings.

Corporate Income Tax

The Company registered 60 million baht, 52 million baht and 55 million baht in the corporate income tax for 2014, 2015 and 2016, respectively. The corporate income tax increased (decreased) 18.9%, (12.8%) and 6.16%, respectively. The rise in 2016 corporate income tax came from higher performance.

Net Profit (Loss)

The Company recorded 270 million baht, 197 million baht and 222 million baht in net profit for 2014, 2015 and 2016, respectively. Its net profit margin stayed at 5.2 %, 5.9% and 6.6%, respectively. The consistent rises in net profit margin came from its business transformation to cope with the market demand, technology trend and focus on technology services to upgrade businesses of MFEC's customers. As a result, business slowdowns affected the Company only at a moderate level. The Company also had a policy to control its sales and administrative expenses with higher efficiency, recorded extraordinary items from sales of some investments and generated profit from investments made earlier.

Financial Status

Assets

The Company had total assets of 3,546 million baht, 3,141 million baht and 3,328 million baht as of 31 December 2014, 2015 and 2016, respectively. Total assets increased (decreased) 12.2%, (11.4%) and 5.97%, respectively. In 2016, significant changes in total assets extended from an increase of current investment by 451 million baht - outstanding short-term cash the Company invested in low-risk mutual funds with higher returns than deposit rates, a decline of net trade accounts receivable and other accounts receivable by 393 million baht and an increase of accrued income by 49 million baht. Such transactions were normal. Most of trade accounts receivable were not due for collection yet. The accrued income which would be realized in line with the project completion has not yet been due for collection.

Cash, Cash Equivalent and Current Investment

The Company recorded 244 million baht, 360 million baht and 950 million baht in cash, cash equivalent and current investment as of 31 December 2014, 2015 and 2016. The cash, cash equivalent and current investment accounted for 6.9%, 11.5% and 29% of total assets, being used as the Company's working capital. The Company used the outstanding cash to invest in current investment in low-risk mutual fund with higher return than deposit rates.

Trade Accounts Receivable and Other Accounts Receivable

The Company recorded 1,235 million baht, 1,029 million baht and 636 million baht in trade accounts receivable and other accounts receivable less doubtful debt provision as of 31 December 2014, 2015 and 2016, respectively. Total trade accounts receivable and other accounts receivable accounted for 34.8%, 32.8% and 19.1% of total assets. About 67% of total trade accounts receivable and other accounts receivable have not reached their due for collection. The remaining 33% were being in the process of accounts receivable collection. Over-1-year accounts receivable amounted to 7.6% which included state-sector accounts receivable awaiting for case reviews in courts at 73%. The Company set aside a portion as the doubtful debt provision for each account receivable according to the requirement set to assess their quality. At the end of 2014, 2015 and 2016, the Company had the doubtful debt provision at 18 million baht, 18 million baht and 18 million baht, respectively, accounting for 1.4%, 1.7% and 2.8% of total trade accounts receivable and other accounts receivable. The figures were not high, compared to total trade accounts receivable and other accounts receivable.

Accrued Income and Work-in-Process Costs

The Company recorded 1,171 million baht, 916 million baht and 931 million baht, accounting for 33.0%, 29.2% and 28% of total assets as of 31 December 2014, 2015 and 2016, respectively. The accrued income which would be realized in line with the project completion has not yet been due for collection. The work-in-process costs were a part of works in integration process for customers according to each project.

Non-Current Assets

The non-current assets consisted of 17 million baht, 27 million baht and 96 million baht of investment in associate companies as of 31 December 2014, 2015 and 2016, respectively. Investment in associate companies increased as a result of liquidation of some investment in a subsidiary for 57 million baht. As a result, the then subsidiary became the associate company. In 2015, an associate company had a capital increase and the Company purchased the former's capital increase shares accordingly with its 40% stake in the associate company. The Company paid 12 million baht for the purchase of the capital increase shares in September 2015 and paid the remaining 12 million baht in January 2016. Its goodwill amounted to 563 million baht, 547 million baht and 501 million baht as of 31 December 2014, 2015 and 2016. During the year ending 31 December 2016, the Company realized a loss of 48.93 million baht in its separate financial statements from impaired investment in Motif Technology Public Company Limited. The loss came from less expected investment value than the book value. The expected investment value from Motif Technology Public Company Limited was considered by business value assessment through a discount rate. The discount rate which was assumed from the weighted average cost of capital (WACC) was 8.2%. The Company considered impairment on good wills to give a reflection Subsidiaries' Performance.

Land, building and equipment amounted to 136 million baht, 119 million baht and 115 million baht, respectively and non-tangible assets accounted for 42 million baht, 31 million baht and 27 million baht, respectively. The non-tangible assets came partly from transactions transferred from deferred program development projects. Most of them were program development for the Company's intellectual properties that could generate further income. At the end of 2016, the Company had 0.25 million baht in the financial lease receivables due over one year, down from 4.1 million baht in 2015, due to more product distribution channels with the payment condition of three to five years for customers.

Liquidity**Cash Flow Statement**

(million baht)

	2016	2015	2014
Net cash received from (used by) operating activities	711	744	(6)
Net cash received from (used by) investing activities	(415)	(237)	62
Net cash received from (used by) financing activities	(156)	(598)	(53)
Net increase (decrease) in cash and cash equivalent	141	(91)	3

In 2014, the Company recorded 425 million in profit before changes in operating assets and liabilities. After the changes in the operating assets and liabilities, the Company had (6) million baht in cash flow received from (used by) operating activities as a result from increases of trade receivable and other receivable, accrued income, and trade payable and other payable of 366 million baht, 196 million baht and 82 million baht, respectively. These transactions were normal, rising in a correlation with income. The Company had 62 million baht in net cash flow from investing activities. Among them, the Company had 92 million baht in cash received from liquidation of current investment which was working capital to be used in short-term investment for higher returns than those for bank deposits, 36 million baht in cash spent for improvement of assets and purchase of equipment for normal operations. The Company had 53 million baht in net cash flow used by financing activities following increases of 181 million baht in short-term borrowings and trust receipts payable for normal operation which was in correlation with rises in income, a decline of 30 million baht in liabilities under financial lease agreements and long-term borrowings, and 199 million baht in dividend payment made from liquidity of normal operation without any impact on the Company's liquidity for 2013 performance, and 10 million baht in interest expenses. As a result, the Company had net increase of 3 million baht in cash and cash equivalent.

In 2015, the Company recorded 325million in profit before changes in operating assets and liabilities. After the changes in the operating assets and liabilities, the Company had 744 million baht in cash flow received from (used by) operating activities as a result from decreases of trade receivable and other receivable, accrued income, work-in-process costs, and trade payable of 204 million baht, 208 million baht, 44 million baht and 52 million baht, respectively. The Company had 237 million baht in net cash flow from investing activities. Among them, the Company had 200 million baht in cash spent for an acquisition of current investment which was working capital to be used in short-term investment for higher returns than those for bank

deposits, 12 million baht in cash spent for a capital increase in an associate company, 35 million baht in cash spent for improvement of assets and purchase of equipment for normal operations. The Company had 598 million baht in net cash flow used by financing activities following decreases of 365 million baht in short-term borrowings and trust receipts payable, a decline of 7 million baht in liabilities under financial lease agreements, 222 million baht in dividend payment from liquidity of normal operation without any impact on the Company's liquidity for 2014 performance, and 4 million baht in interest expenses. As a result, the Company had net decrease of 91 million baht in cash and cash equivalent.

In 2016, the Company recorded 284 million in profit before changes in operating assets and liabilities. After the changes in the operating assets and liabilities, the Company had 711 million baht in cash flow received from (used by) operating activities as a result from decreases (increases) of trade receivable and other receivable, accrued income, work-in-process costs, and trade payable of 363 million baht, (95) million baht, 18 million baht and 66 million baht, respectively. The Company had 415 million baht in net cash flow from investing activities. Among them, the Company had 448 million baht in cash spent for an acquisition of current investment which was working capital to be used in short-term investment for higher returns than those for bank deposits, 12 million baht in cash spent for a capital increase in an associate company, 54 million baht in cash spent for improvement of assets and purchase of equipment for normal operations. The Company had 156 million baht in net cash flow used by financing activities following decreases of 4 million baht in short-term borrowings and trust receipts payable, a decline of 4 million baht in liabilities under financial lease agreements, 147 million baht in dividend payment from liquidity of normal operation without any impact on the Company's liquidity for 2015 performance, and 1.7 million baht in interest expenses. As a result, the Company had net decrease of 141 million baht in cash and cash equivalent.

Liquidity Ratio

		Consolidated Financial Statements		
		2016	2015	2014
Liquidity Ratio				
Current ratio	(Time)	1.99	2.02	1.74
Quick ratio	(Time)	1.24	1.21	0.97
Inventory turnover	(Time)	4.81	5.89	8.94
Average number of days sales	(Days)	74.81	61.11	40.25
Receivable turnover ratio	(Time)	2.06	2.13	3.47
Collection days	(Days)	174.73	168.81	103.80
Account payable turnover	(Time)	3.87	3.89	6.52
Payment days	(Days)	92.91	92.45	55.25
Cash Cycle	(Days)	156.64	137.46	88.80

In 2016, most of MFEC liquidity ratios improved. At the end of 2014, 2015 and 2016, the current ratios were 1.74, 2.02 and 1.99 times, respectively, while the quick ratios were 0.97, 1.21 and 1.24 times. These ratios were regarded as sufficiently favorable for business operations. Although the Company had slower inventory turnover, its average number of days sales increased with less collection days. The Company had more payment days. Thus, the Company had cash cycle of 89, 137 and 156 days in 2014, 2015, and 2016.

Source of Capital

Liabilities

As of 31 December 2014, the Company had total liabilities of 1,612 million baht, up 292 million baht from the end of 2013. About 237 million baht of total liabilities were overdraft money and short-term borrowings from financial institutions, 163 million baht as trust receipts payable, 580 million baht as trade accounts payable and other accounts payable, 129 million baht as accrued costs and 236 million baht as deferred income.

As of 31 December 2016, the Company had total liabilities of 1,344 million baht, up 119 million baht from the end of 2015. About 6 million baht of total liabilities were overdraft money and short-term borrowings from financial institutions, 592 million baht as trade accounts payable and other accounts payable, 171 million baht as accrued expenses - current liabilities for normal

operations and not due for collection yet, 166 million baht as accrued costs - record of costs according to work completion product sellers and service providers have not yet made collection, and 306 million baht as deferred income - transactions the Company received payment for services from customers in advance according to collection conditions prior to services provided to customers.

Shareholders' Equity

Total shareholders' equity amounted to 1,934 million baht, 1,916 million baht and 1,984 million baht as of 31 December 2014, 2015 and 2016, increasing (decreasing) 5% , (1%) and 4%. Retained earnings' increase or decrease was cited for increase or decrease in total shareholders' equity.

Appropriateness for Structure of Capital

The Company had the debts to equity ratio (D/E ratio) at 0.83, 0.64 and 0.68 times as of 31 December 2014, 2015 and 2016, respectively. The D/E ratio, in 2016, slightly rose from 2015 and remained favorable due to higher payment efficiency for customers to better made payment. The Company's all debts arose from normal trade operations. Most of them had the repayment period of less than one (1) year.

Audit Fee

The Company and its subsidiaries paid audit fee of 3.35 million baht for the auditor's auditing office in 2016.

Non - Audit Fee

- None -

Dividend Payment Policy

Dividend Payment Policy was set after changing from the equity method to the cost method. The Company determined its dividend payment and its subsidiaries dividend payment at the rate of no less than 50% of net profit after tax and legal provision in its consolidated financial statement and each subsidiary's separate financial statements.

During 2011, 2012, 2013, 2014, 2015 and 2016, the Company paid dividend of 127 million baht, 145 million baht, 145 million baht, 199 million baht, 222 million baht and 147 million baht at the rate of 0.33 baht, 0.45 baht, 0.33 baht, 0.33 baht, 0.45 baht, 0.50 baht and 0.33 baht per share, respectively.

For the 2016 performance, the Board of Directors' Meeting No. 1/2017 resolved to propose the dividend payment at the rate of 0.35 baht per share.

Factors that May Affect the Financial Status or Performance in the Future

- None -



**Investors can study additional information of
the company which issues securities**

from MFEC's annual disclosure report concerning additional
information (Form 56-1) as depicted in

🌐 / **www.sec.or.th**

🌐 / **or MFEC's website, www.mfec.co.th**



Head Office

699 Modernform Tower,
Srinakarin Road, Suan Luang,
Bangkok 10250 Thailand

Tel. +66 (0) 2664-5999

Fax. +66 (0) 2722-8388

Development Center (Branch 1)

333 Lao Peng Nguan Tower,
Vibhavadi Rangsit Road, Chompol,
Chatuchak, Bangkok 10900 Thailand

Tel. +66 (0) 2664-5999

Fax. +66 (0) 2278-9279

Development Center (Branch 2)

349 SJ Infinite One Business Complex,
11th Fl., Vibhavadi Rangsit Road, Chompol,
Chatuchak, Bangkok 10900 Thailand

Tel. +66 (0) 2664-5909



www.mfec.co.th